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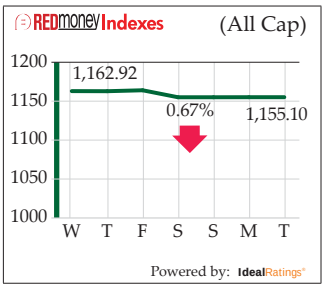

COVER STORY

23rd November 2016 (*Volume 13 Issue 47*)

Shariah governance: Addressing the endemic issues of Saudi scholarship

Shariah scholars are the backbone of Islamic finance, and bear the weight of ensuring a robust, compliant and trustworthy system that supports the growth and development of the whole industry. But their function (and their fees!) can be a sensitive issue and numerous concerns exist around the role and responsibilities of Shariah governance as part of a wider global financial framework. This week, LAUREN MCAUGHTRY looks at some of the recent steps that have been taken to explore, illuminate and improve this often-opaque area.

There is no doubt that Shariah governance is a core pillar of the industry and its growth — and as Islamic financial institutions gain in strength and spread, the importance of standardized processes and regulated systems becomes increasingly crucial. "Islamic financial institutions' business activities must comply with Islamic law and the industry has shown strong growth over the past decade," said S&P's global head of Islamic finance, Dr Mohamed Damak. "Therefore, we think Shariah governance will be higher on the agenda of Islamic finance standard-setting bodies and regulators as the industry becomes systemic in certain core countries."


Dr Mohamed Damak

Positive progress

The past year has in fact seen encouraging process on the governance front, with significant steps taken by bodies such as AAOIFI (which is in the process of revamping its overall guidance and expects to finalize several new standards by the end of the year) as well as promising progress from local regulators.

The launch of centralized Shariah boards in key markets such as the UAE, Oman and Bahrain has provided new impetus for evolution, reducing the divergence between banking practices based on individual Shariah boards, smoothing out conflicts of interest and improving the take-up of Islamic financial products across markets and sectors.

The IFSB has also issued proposals to tighten disclosure requirements, while some markets such as Oman and Pakistan are moving toward stricter requirements for scholars such as external Shariah audits, which should strengthen the industry's credibility.

However: "We think the current governance framework shows room for improvement and believe the industry stands to benefit from increased disclosure, as well as clear standardized Shariah principles and interpretation," warned Dr Mohamed Damak. "Well-defined standards could also help the industry become more integrated, thereby unlocking new growth opportunities."

But what does this mean — where are we now, and what issues still stand in the way?

Spotlight on scholars

The state of the sector was specifically addressed in a recent workshop on Shariah governance held in London by Islamic Finance Council UK (UKIFC) in collaboration with International Shariah Research Academy for Islamic Finance (ISRA) which explored in detail the current issues facing the industry, the concerns that practitioners hold over the

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DEALS

Central Bank of Bahrain not issuing Sukuk as previously reported

Brunei raises BN$100 million (US$70.08 million) via short-term Sukuk Ijarah

Ooredoo Tamweel to pay Sukuk profits on the 5th December

BRI Syariah lists IDR1 trillion (US$73.5 million) subordinated Sukuk Mudarabah I on Indonesian exchange

International Islamic Liquidity Management Corporation's three-month Sukuk facility oversubscribed by US$831 million

TRIplc Medical plans RM639 million (US$146.27 million) senior Sukuk Murabahah issuance

Central Bank of Bahrain's monthly Sukuk Salam facility worth BHD43 million (US$113.15 million) oversubscribed

Etihad Airways's planned Sukuk issue gets pricing from banks

Sunway Treasury Sukuk to issue RM100 million (US$22.63 million)-worth of Islamic commercial papers

NEWS

Central Bank of Tunisia considering the establishment of another Islamic bank

Zitouna Tamkeen plans new initiatives including entrepreneurship fund and dairy project

IDB provides US$37 million in financing to Burkina Faso for electricity grid project

Otoritas Jasa Keuangan calls on Islamic banks to boost green financing

Summit Bank to conduct diligence on potential merger/acquisition of **Sindh Bank**

Growth of Malaysian Islamic banks' investment accounts outpaces Islamic deposits; maintains double-digit expansion in market share in financing

Turkey to receive financial backing from the **IDB** for its high-speed rail projects

Modarabas increase affordable financing outreach via Islamic financing facility center at Rawalpindi

TAKAFUL

Egyptian Life Takaful-GIG offers new insurance coverage with savings policy for **Suez Cement Company**

Egypt's Ministry of International Cooperation plans to increase support for Takaful program

RATINGS

RAM reaffirms **Bank Rakyat**'s 'AA2/Stable/P1' financial institution ratings

MARC affirms 'AAAIS(fg)' rating on **Senari Synergy**'s IMTN program

Islamic International Rating Agency assigns ratings to **Al Baraka Bank Tunis**

Moody's changes outlook on Omani banking sector to stable from negative

Masraf Al Rayan wins '(P)A1' ratings on Sukuk program

MARC affirms the ratings of **Sunway Treasury Sukuk**'s seven-year Sukuk program at 'MARC-1IS(cg)/AA-IS(cg)'

RAM reaffirms 'AA2/Stable' rating on **Konsortium ProHAWK**'s Islamic medium-term note program

Moody's assigns 'Baa2' rating on **Boubyan Takaful Insurance Company**

Fitch affirms the long-term issuer default ratings of five Bahraini banks

Danajamin maintains 'AAA' ratings

RAM maintains 'AAA/Stable' ratings on **Gulf Investment Corporation**'s Sukuk Wakalah program and senior unsecured bonds

RAM downgrades Saudi Arabia's rating on credit deterioration due to low oil prices

Fitch affirms **International Petroleum Investment Company**'s long-term issuer default ratings at 'AA'

RAM reaffirms 'AA2/Stable' rating on **First Resources**'s Sukuk Musharakah program

MOVES

Securities Commission Malaysia makes key appointments; Zainal Izlan Zainal Abidin now managing director of development and Islamic markets

GFH Financial Group appoints Hammad Younas as head of investment management

Bank Nizwa appoints Arif Al Zaabi as acting head of retail following resignation of assistant general manager

Jassim Alseddiqi to replace Abdul Rahman Hareb Rashed Al Hareb as chairman of **SHUAA Capital**

Shariah governance: Addressing the endemic issues of Saudi scholarship

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role of scholars and the importance of governance and transparency across all financial markets.

> ***"We think the current governance framework shows room for improvement and believe the industry stands to benefit from increased disclosure, as well as clear standardized Shariah principles and interpretation"***

One of the most controversial issues facing the industry has long been that of scholar remuneration, and this is a topic on which many feel strongly and a ground upon which much battle has been done. Dr Mohamad Akram Laldin, the executive director of ISRA, pointed out at the event that issues of remuneration are in fact part of the wider question of the regulation of scholars as a whole, a process began in 2005 with the ISFB requirement that scholars should sit on no more than one board per industry. Dr Laldin also argued that it is reasonable that scholars receive some remuneration, given the complexity of their role and the requirement for detailed knowledge of the Shariah as well as an understanding of complex financial transactions.

The opposing view suggests that while scholars should be remunerated, stricter standards are required to control their commercial activities. Although Dr Mohamad Akram admitted that some scholars do have their own businesses, he emphasized that this is not necessarily a problem as long as they adhere to a strict governance process to ensure the separation of interests. The problem, however, is that many markets do not yet have these controls. Some countries, such as Oman, do require the declaration of Shariah remuneration and restrict the number of boards on which scholars may sit — most recently Bahrain also proposed new disclosure requirements that would demand the publication of aggregate remuneration paid to in-house scholars.

But these limits remain the exception rather than the rule, and their absence continues to undermine the reputation of scholars within the wider industry. In fact, there is some disagreement as to whether scholarly remuneration is even permissible under Shariah. Sheikh Bilal Khan, the co-chairman and partner at Dome Advisory, noted that there are apparently conflicting statements within the Sunnah as to whether remuneration was admissible in principle. The Hanafi school's reconciliation of these, however, with which many agree, suggests that remuneration is acceptable provided that a contract freely agreed between both parties was in place.

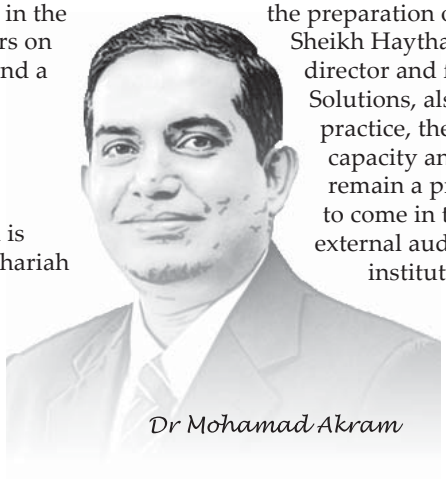
In general, the majority of experts at the UKIFC event agreed that the oversight of remuneration should be seen as part of the wider question of the overall regulation of scholars. On this subject, the establishment of a regulatory body to govern Shariah scholars is perhaps now well overdue, and an organization able to provide a full code of conduct (in line with professions such as law and accountancy) would go a long way toward assuaging concerns and increasing confidence in the role of Shariah scholars on both a jurisdictional and a global basis.

External audit enthusiasm

Another vital concern is the issue of external Shariah auditing — a subject which has become increasingly important over the past year as new markets seek to enter the Islamic finance industry and look for guidance and advice on how to ensure a robust governance framework for their financial institutions. In fact, UKIFC and ISRA in October this year released a detailed report on external Shariah audit based on in-depth research across four jurisdictions (Oman, Pakistan, Bahrain and Malaysia) which found that external audits are gaining significant traction as both consumers and regulators seek greater transparency and accountability. Most recently, in September the Central Bank of Bahrain proposed new governance rules requiring Islamic banks to conduct external Shariah audits, representing a shift away from self-regulation and offering a more centralized approach that reduces the scope for conflicts of interest.

Speaking from the perspective of his own jurisdiction of Nigeria, Dr Bashir Aliyu Umar of the Center for Islamic Civilization and Interfaith Dialogue at Bayero University did, however, warn that the proposal for external audits raised significant capacity challenges. In his view, the role of internal audit should not only be to review an institution's compliance with its Shariah board's Fatwas but also the functioning of the Shariah board itself. In practice however, this second limb can often be difficult to achieve.

One possible approach could be to strengthen the role of the local regulator, but this presents its own problems and barriers. Dr Marjan Muhammad, the head of the Research Affairs Department at ISRA, noted that while she agreed that an external audit process was desirable, the internal audit function of the institution would always have a wider role, particularly in relation to the preparation of its annual report. Sheikh Haytham Tamim, the director and founder of Shariah Solutions, also warned that in practice, the lack of sufficient capacity and resources would remain a problem for some time to come in terms of enabling external audits for Islamic institutions.


Dr Mohamad Akram

However, external audits come with additional benefits,

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which include the removal of the risk of scholars auditing their own Fatwas — an issue of key concern for financial institutions. 'Fatwa shopping', while widely frowned upon, can occasionally bring benefits in terms of exploring new and innovative solutions to challenging problems and offer the concept to a wider variety of scholars who may have differing views on how to solve the issue.

However, the process must be regulated and strictly controlled in order to ensure that scholars do not offer solutions based on their own interests rather than those of the industry and the institution. Indeed, all scholars are subject to the overriding duty of protecting the interests of the relevant institution's shareholders (as part of their wider duty to preserve wealth). The reputation of the Shariah is more important than the reputation of individual scholars — and maintaining the integrity of the industry is paramount.

Individual ethics

This issue of the integrity of the Shariah compliant financial system is central to the concept of Shariah governance. Are Islamic financial institutions inherently more ethical than their conventional counterparts — and does this foundation in moral practice mean they are at a lower risk of financial scandal? Sultan Choudhury, CEO of Al Rayan Bank, suggested that while it was a good starting point that those who elected to work in an Islamic institution were presumably in part at least motivated by ethical considerations, ultimately these matters depended on personal morality.

As such, they are very hard to quantify. While conventional banks may not be founded on the same principles as Islamic institutions, they all have codes of ethics and corporate governance in place that have nevertheless failed to protect them against the multiple crises that have occurred in recent years. So can any code of ethics really be comprehensive enough to protect against problems?

Ultimately, the only way this can be achieved is if banks have broader goals than their own profits, and seek to promote the prosperity of their own customers and society as a whole as well as benefiting their own shareholders. For example, all Al Rayan Bank staff are required to attend a full day behavioral workshop each year to promote individual ethics.

> ***"At the end of the day, we must define what we as a system demand from our scholars — and how they should be fairly regulated and fairly remunerated in a way that maintains their integrity and does not place undue responsibility on either side"***

On a governance level however, Fatwas also play an important role not just in addressing technical issues, but in setting an ethical framework for the wider industry. In this regard, both banks and scholars should be wary of a 'tick box' approach to standardized compliance and ethical issues that ignores personal integrity. Immorality is as big a concern as illegality, and should be addressed as such.

However, these concerns can only be addressed over the long term, and should be built around a change in focus from short-term gain to long-term sustainability.

Looking ahead

So where are we now in terms of Shariah governance on a global scale? Despite the continued concerns and the existing issues, the outlook is promising — as recent developments indicate.

"Shariah governance as a framework is evolving and improving — we see that in the new guidelines being issued in Bahrain, in the developments in Malaysia, in the trend toward central bank supervisory boards," agreed Omar Shaikh, an advisory board member of UKIFC. "But there remain some fundamental challenges. You can have all the processes in place that you want, but you need the people as well — and we still have a shortage of the right people. We need better regulatory bodies to empower these people."

"We are also lacking in representation across the board — we need to address the elements of age and gender," he warned. "We have a lot of senior scholars, but where is the next generation coming from? That's all part of the empowerment process for scholars."

However, the crucial issues remain those of remuneration and accountability. In Malaysia, scholars are now potentially criminally liable — which shows their importance to the underlying financial system. But will other markets follow suit and hold scholars accountable for their actions?

"The fundamental issues are fascinating," concluded Omar. "At the end of the day, we must define what we as a system demand from our scholars — and how they should be fairly regulated and fairly remunerated in a way that maintains their integrity and does not place undue responsibility on either side."

That is undoubtedly the challenge for the industry going forward — but with the positive steps taken by numerous key stakeholders over the past year and the growing openness of dialogue and discussion through events such as the UKIFC/ISRA workshop, it is a goal that looks increasingly attainable.

Takaful industry heating up in Nigeria

With Africa witnessing growing development in the Islamic finance industry over the past year, the Takaful industry is also picking up in Nigeria, as the country is seeing a number of foreign-based Takaful operators expressing their interest in penetrating the domestic market of Africa's largest economy. DANIAL IDRAKI observes.

> ***"There is an opportunity for Takaful to truly take off in Nigeria, provided that Takaful operators are able to deliver the full value propositions that the Islamic insurance industry encapsulates"***

While Nigeria has been hard at work in developing its Sukuk market with the maiden sovereign issuance expected in the first quarter of 2017, the country's momentum for the Islamic insurance industry has yet to pick up on a similar growth trajectory as compared to the Islamic finance industry, despite the National Insurance Commission (NAICOM) introducing a Takaful framework in 2013 that paved the way for a centralized approach to the industry. The framework allows for the Mudarabah, Wakalah and hybrid models to be practiced, while enabling conventional insurers to offer Islamic products through windows, as it seeks to boost insurance penetration Islamically.

Nigeria is home to the largest Muslim population in sub-Saharan Africa with more than 51% of its 170 million people professing the Islamic faith, and a market survey undertaken by NAICOM previously indicated a significant religiously-based objection to conventional insurance, yet there are a handful of Takaful companies currently operating in the country. Islamic insurance was introduced to Nigeria in 2003 when African Alliance Insurance launched Family Takaful products, and other players such as Cornerstone Insurance and Niger Insurance have since joined the fray.

Nigeria's Takaful market, however, may soon see a slight change in direction. It was recently reported that five foreign-based Takaful operators, namely from the Middle East and Asia, have submitted their applications to NAICOM in order to operate in the Nigerian market, with three of the operators having been granted the approval by the regulator, while two are still under consideration. The Leadership reported that one of the three, Noor Takaful Insurance Company, a UAE-based operator, is expected to begin operations soon, while the other two unnamed operators are slated to enter the market next year.

Sohail Jaffer, deputy CEO of FWU Global Takaful Solutions, explained to IFN that there is an opportunity for Takaful to truly take off in Nigeria, provided that Takaful operators are able to deliver the full value propositions that the Islamic insurance industry encapsulates, namely: transparency, ethical investment, risk-sharing and linkage to the real economy. He added that optimizing the deployment of digital applications in distribution would also increase the reach of Takaful products to the Nigerian masses.

"One of the roadblocks holding back Takaful's growth in Nigeria was the lack of a proper regulatory framework. However, NAICOM has provided market guidance with the issuance of 'Operational Guidelines 2013 Takaful-Insurance Operators'. Important factors that can contribute to further growth of the Takaful market are if operators are able to properly articulate the value proposition[s] of Takaful to customers, align the Takaful value proposition with customer needs and have the opportunity to invest in a range of Shariah compliant securities and mutual funds," Sohail told IFN exclusively.

On a wider scale, Africa contributes approximately 3% of global Takaful contributions, with Sudan leading the pack with 15 operators currently. While the overall contribution by Africa to the global Takaful industry appears to be minuscule, Muslims make up more than half of the one billion population in Africa, which presents the region with further potential for Takaful operators seeking growth in new untapped markets, as it looks to diversify away from maturing and saturated markets. Nigeria, in this sense, seems ripe for growth in the Takaful industry, and the recent interest expressed by foreign operators reflects the market's readiness in further embracing Shariah compliant insurance.

Straight to Web Feature

Justifications of avoiding Riba (Part VII): The success of Akhuwat

One reason for forbidding Riba-based transactions is to encourage people to be involved in granting benevolent loans, which are known as Qard Hasan in Islam. Under Qard Hasan, the lender gives a certain amount of loan to a potential borrower, and at the end of the maturity, the lender receives the exact amount of principal paid back with no added amount.

To read the full article, log on to www.islamicfinancenews.com.

ADGM opens doors to its first Islamic bank

Abu Dhabi Financial Group (ADFG) and Bahrain-based GFH Financial Group (GFH) have jointly established a new Islamic financial institution in Abu Dhabi Global Market (ADGM) — the first Shariah compliant financial institution to be based in the international financial center. DANIAL IDRAKI reports.

While a number of financial institutions in the GCC region have been scaling back on its activities in light of the depressed oil prices and prolonged margin squeeze, the collaboration between ADFG and GFH seems to have lit a spark in the Islamic finance industry, showcasing the demand for Shariah compliant finance. Established with an authorized capital of US$100 million, ADCorp will be regulated by ADGM's Financial Services Regulatory Authority under a Category Five 'Islamic financial institution' license.

Leading this new entity is industry veteran Talal Al Zain. "I am delighted to be leading this new and exciting venture with the support and backing of ADFG and GFH, two renowned regional financial institutions," said Talal, who explained that ADCorp's activities will focus on corporate finance, wealth and asset management with a mandate to identify and deliver outstanding and tailor-made products and services to institutions and ultra-high-net-worth clients.

Talal added that the geographical location of the firm will allow it to become the long-term business partner for clients in the region through providing special expertise in innovative banking products. Talal was most recently CEO of PineBridge Investments Middle East and prior to that, he was CEO of Bahrain Mumtalakat Holding Company — the sovereign wealth fund and investment arm for the Kingdom of Bahrain. His experience includes spending 18 years with Investcorp as the managing director and co-head of placement and relationship management and had also held senior roles at the Chase Manhattan Bank in Geneva and Citibank in Bahrain.

Moody's Investors Service in a recent report explained that in the UAE, Islamic financing assets are now estimated to represent almost 30% of the system, up from around 20% in 2010, with the strong expansion mainly achieved by the rapid growth of Islamic windows through which conventional banks have captured new market shares and clientele in recent years. In the rest of the GCC, Islamic banking is at a more developed stage with Islamic financing penetration of between 25-50%, and continues to outpace conventional assets.

Mixed feelings over OJK's move to necessitate separate Shariah units in investment management firms

As part of its aggressive drive to grow the Islamic mutual fund industry, Indonesia's Financial Services Authority (OJK) is making it mandatory for investment managers to carve out a dedicated Shariah unit, a rule which could be implemented as early as 2017. VINEETA TAN however finds out that market observers may not be as enthusiastic about OJK's latest move.

The OJK is currently adding the final touches to the related regulation and expects to issue it before the end of 2016, confirmed Kartikasari Fadilah, OJK's director of Islamic capital markets, according to the regulator's official Islamic finance education channel, Aku Cinta Keuangan Syariah. Once the rule is released, investment managers will have one year to comply and if all goes according to plan, by 2018, all Indonesian investment managers with a Shariah mandate would have had established a division focusing exclusively on Islamic products.

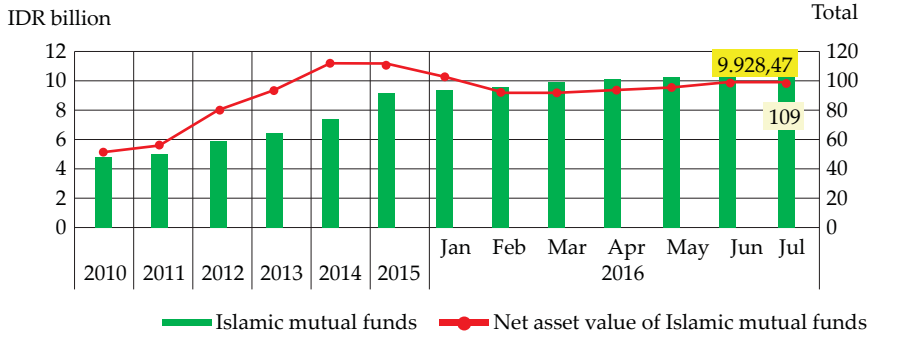
While the move is intended to bolster the fledgling Indonesian Shariah mutual fund industry through an intensified and specialized focus on developing and marketing Islamic products and take-up; there are, however, concerns that the measure would instead add cost and resource pressure on investment managers, and may be counterproductive.

"This would be a difficult task because unlike their banking counterparts, investment management firms do not have the economies of scale to commit resources for a separate unit," Farouk Alwyni, the president director and CEO of consulting firm Alwyni International Capital, tells IFN. "As it is, even the conventional fund management industry is neither as big nor growing as fast as the banking industry, what more the Shariah fund sector; awareness for capital market products is still low — Indonesians in general are still very bank-oriented."

Islamic mutual funds are only a fraction of the total fund industry, accounting for 8.72% of the total number of funds (109 out of 1,250), and a mere 3.15% in terms of the net asset value as at the end of July 2016 or IDR992.85 trillion (US$74.27 billion), according to OJK statistics.

Kartikasari, however, said that the new regulation would not be a burden on investment managers, reassuring that the rules are flexible enough to accommodate the dynamics of different firms of different sizes based on paid-up capital.

Chart 1: Performance of Islamic funds in Indonesia



Source: OJK

Fund Focus: European and Asian asset managers join forces to manage global Sukuk fund

Asset managers across two separate continents are bridging the divide and coming together to capture investment opportunities across global Sukuk markets. Italy-based Azimut Group is joining forces with Malaysia-based Maybank Asset Management Group (MAMG) to manage its global Sukuk fund to cater to the growing demand for hard currency Sukuk products and it is looking to penetrate new markets. DANIAL IDRAKI brings you the story.

The agreement signed by the two groups foresees a cooperation which will leverage the track record of Azimut's Global Sukuk Fund to cater to the demand for hard currency Sukuk strategies in the ASEAN region, and will also see the investment capabilities of MAMG in the region and the Shariah compliant space added to the existing Azimut investment management and advisory team. The fund, which will be rebranded as Azimut MAMG Global Sukuk, was launched in November 2013 and is one of the world's largest UCITS compliant funds with assets under management in excess of US$130 million.

Currently advised by Azimut Portfoy Yonetimi — Azimut's wholly-owned Turkish asset management subsidiary — the fund pursues an absolute profit rate objective with a strategy of no geographical or sectorial bias, but carrying at all times a portfolio with an average investment grade rating and an average maturity below five years. Its performance to date, which exceeds a yield of 3% annualized in US dollar ranks, is in the top decile of the industry in the same period.

The Azimut MAMG Global Sukuk fund is also looking to penetrate into new markets, including Malaysia and Singapore, where MAMG is already present. The partnership between Azimut and MAMG includes the establishment of a joint investment committee between Luxembourg, Istanbul and Singapore to leverage the respective investment capabilities in Sukuk. MAMG noted in a joint statement that this is in line with its business plans to expand its global distribution networks by complementing both the groups' respective and existing distribution strengths. The two groups will also target joint initiatives addressing the rising demand for global Sukuk mandates from institutional investors in the GCC and ASEAN regions.

Ahmad Najib Nazlan, CEO of Maybank Islamic Asset Management, told IFN exclusively that the fund will also be making its way into the Taiwanese market, as it seeks to reach out to a non-traditional Muslim centric investor base. This, however, still largely remains at a preliminary stage. "The existing investors of the fund are mostly European investors, and the fund itself is involved in defensive asset classes. It is a diversification asset allocation tool, and as far as strategies are concerned, global Sukuk has a low correlation to emerging markets. It is a testament that the asset class has a long way to go with a lot of potential," Ahmad added.

Although Moody's Investors Service in a recent note expects a flat Sukuk issuance volume for 2016 at US$70 billion, the longer term outlook remains promising and foresees a rising issuance in 2017 from sovereigns, banks and corporates in the GCC, as regional financing needs continue to increase amid lower oil prices, which provides the new fund with interesting investment opportunities in the near term.

Independent Shariah audit could fill governance gap of Islamic finance industry

Amid greater implementation and adoption of Shariah regulations on a global and local level, analysts think that independent Shariah audits of Islamic financial institutions may also hold the key to assuaging potential market concerns of the industry's credibility. VINEETA TAN reports.

"Although pre-transaction Shariah validation typically rests with internal Shariah boards, we think an external Shariah audit (required in Oman and Pakistan) could strengthen the industry's credibility. Similar to international financial reporting standards and external audit exercises at conventional banks, an external Shariah audit could help reassure Islamic finance stakeholders," opined S&P.

Shariah governance is increasingly becoming a vital component of the industry as market players demand more transparency and accountability from the Islamic finance sector which is growing in geographical reach. International standard-setting bodies such as AAOIFI and the IFSB have taken proactive measures to enhance governance: the IFSB, for example, is due to discuss its latest exposure draft on disclosure requirements for Sukuk and Islamic capital market products later this month.

Presently, it is not mandatory for Islamic financial institutions in most markets to conduct an external Shariah audit. And while applying an independent external review would make Shariah governance more robust, however according to the rating agency, external auditors would still require a clear definition of standards to measure against.

"Although AAOIFI has published numerous standards, Shariah boards appear to have significant leeway in making decisions regarding compliance. This has resulted in variations in Shariah

requirements across the industry, with Malaysia being seen by market participants as the least conservative jurisdiction and Saudi Arabia as the most conservative," S&P elaborated.

"Decision-makers would need to choose between trying to establish a truly global industry or optimizing the current structure of [the] collection of small industries. In our opinion, greater integration could enhance growth prospects."

Weaker pound sterling fuels demand for Shariah compliant property investments in the UK

While global markets have recently been rocked by major developments such as Brexit and the election of Donald Trump as the 45th president of the US, which have sent markets roiling and tumbling, one particular area of Shariah compliant investment is seeing a healthy spike in demand amid all the uncertainty and volatility — the UK's property market. DANIAL IDRAKI brings you the story.

With the pound sterling falling to a 31-year low against the US dollar in October 2016 as investors continue to worry about the terms of the UK's planned exit from the EU, the weakened currency has made London's property market much more attractive to Shariah compliant investors, as they search for ways to diversify their portfolios. As it is, the UK's real estate sector has had a healthy dose of financing from the Gulf and Malaysia over the last few years, with projects such as the Shard, Battersea Power Station, the Olympic Village and Chelsea Barracks making market headlines in recent times. Now, the weakened pound, which currently hovers at the US$1.24 level, has given Shariah compliant investors an added incentive to enter London's property market as they look for safe haven instruments.

According to London Central Portfolio (LCP), which was the first company in the UK to offer Shariah compliant residential funds by investing in central London's private rented sector, it is seeing a strong demand from Shariah compliant investors as they provide 17% of the total investment in their funds. The company also saw 38% of Shariah investments coming from UK Muslims, while the average individual investment from Shariah compliant investors was double that of non-Shariah investors. Individually, investors from MENA and Malaysia deployed the largest sums of capital into LCP's funds.

"In line with the Shariah sector in general, the majority of interest in LCP's products, at 63%, has come from international investors in the traditional heartlands of Islamic finance. Investors from the MENA region made up the largest proportion of Shariah investors at 48%. [About] 10% of investment also came from Malaysia, a well-developed Islamic financial region," LCP said in a statement. Currently, demand for LCP's residential real estate products is split between corporate investors and family offices at 52% and individual high-net-worth investors at 48%. LCP further noted that the average individual investment from the MENA region was 57% higher than the total average and 4.5 times higher than that of UK Muslims. For Malaysian investors, it was 7% higher and three times more than was invested by UK Muslims.

Given the strong demand for Shariah compliant investments that is being witnessed among Islamic investors, LCP will soon launch the London Central Apartments IV which will include a Shariah compliant option. The fund will target a a total return on investment of around 100% including annual interim distributions of 5% from Year 3 onwards, and will invest in the mainstream private rented sector in prime central London.

Sovereign Sukuk: Will Bahrain make a comeback early next year?

The past seven days in the sovereign Sukuk arena have been quiet, with the exception of Brunei and Bahrain's regular short-term issuances. DANIAL IDRAKI brings you the usual updates.

Brunei

Autoriti Monetari Brunei Darussalam, on behalf of the government of Brunei, issued its 138th series of short-term Sukuk Ijarah in the amount of BN$100 million (US$70.08 million). According to a statement, the facility was priced at a 0.56% profit rate and will mature on the 2nd February 2017. With this issuance, the Bruneian government has thus issued over BN$10.32 billion (US$7.23 billion)-worth of short-term Sukuk Ijarah securities since the maiden offering on the 6th April 2006.

Bahrain

The monthly issue of the Sukuk Salam facility by the Central Bank of Bahrain (CBB) worth BHD43 million (US$113.15 million) were subscribed by 128% after receiving subscriptions worth BHD55 million (US$144.73 million), according to a statement. The facility, which carries a maturity of 91 days, has an expected return of 2.05% compared with 2.02% for the previous issue on the 19th October 2016.

Outlook

To recap, issuances that are expected to materialize in the sovereign market for the remaining of the year and early next year include from the likes of Kuwait, Oman, Qatar, Saudi Arabia, Iran, Kenya and Nigeria. With the continued lower oil prices, GCC countries are more likely to tap the international Islamic capital markets to meet their financing needs.

Upcoming sovereign Sukuk

Country	Amount	Expected date
Bahrain	TBA	1st quarter 2017
Oman	US$2 billion	TBA
Iran	IRR60 trillion	2016
Nigeria	TBA	1st quarter 2017
Egypt	TBA	2016
Kazakhstan	TBA	2016
Kenya	TBA	2016
South Africa	TBA	2016
Bangladesh	TBA	TBA
Hong Kong	US$500 million to US$1 billion	TBA
Ningxia Hui Autonomous Region	US$1.5 billion	TBA
Niger	XOF150 billion	TBA
Luxembourg	TBA	TBA
Tunisia	US$500 million	TBA
The UAE	TBA	TBA
Shandong Province	CNY30 billion	TBA
Sindh Province	US$200 million	TBA
Kuwait	KWD5 billion	TBA
The Maldives	TBA	TBA
Sri Lanka	US$1 billion	TBA
Germany	US$1 billion	TBA

China and Hong Kong: OBOR to fuel Islamic finance developments

China has always been an interesting Islamic finance proposition due to the sheer size of its economy and Muslim population as well as impressive economic growth rates; and with its ambitious 'One Belt, One Road' (OBOR) initiative in place, the future for Shariah finance shines brighter than ever. VINEETA TAN provides a 12-month overview of Islamic finance developments in China.

Regulatory environment

There has yet to be a dedicated legal framework for Islamic banking and finance in China; Hong Kong, however, in 2014 amended its tax framework to accommodate the issuance of Sukuk: the Loans (Amendment) Bill 2014 followed the introduction of the Inland Revenue and Stamp Duty Legislation (Alternative Bond Schemes) (Amendment) Ordinance 2013 on the 10th July 2013, with both pieces of legislation together providing a taxation framework for Sukuk, comparable to that provided by Hong Kong for conventional bonds. In 2015, Qatar International Islamic Bank entered into an MoU with Chinese brokerage Southwest Securities through which the Islamic bank will leverage on to develop a Shariah finance framework for China.

Prior to this, there was a proposal to study what needs to be changed legislation-wise to facilitate Islamic finance development in China after the country became a member of the IFSB in 2009. However, there has been little subsequent movement from the government of the People's Republic of China (PRC) to start on any necessary amendments. In 2013, China's State Council approved Ningxia as an economic experimental zone for inland development, which has been considered a tacit approval to the introduction of Islamic finance in the zone.

Sukuk

Hong Kong has positioned itself as a formidable and serious Sukuk issuer by following up with another US$1 billion five-year Wakalah paper in 2015 after its debut Ijarah issuance in 2014, and announced in its Budget 2016 its intentions to issue another Sukuk facility. Mainland China is also catching up: over the past one year, local corporates and state-backed firms have been mobilizing to tap the Sukuk market: Sichuan Development Holdings (SDH) is expected to price a US$300 million three-year Sukuk by the end of 2016 (See IFN Report Vol 13 Issue 45: 'New developments for China's long-awaited entry into the world of Sukuk). SDH's is one of several other Chinese entities which have expressed an interest in offering Sukuk including HNA Group, as well as TEB Technology in partnership with SAG Holdings. The latter two planned to raise CNY100 billion (US$14.52 billion) for the controversial elevated bus project in China, with an initial issuance of CNY12 billion (US$1.74 billion) (See IFN Report Vol 13 Issue 21: Exclusive — 'China explodes into Islamic finance scene with government-backed green deal').

OBOR

President Xi Jinping's OBOR initiative is a catalyst for Islamic finance developments as it opens a slew of financing opportunities for infrastructure stretching across key Islamic finance centers along the Middle East, Africa, Asia and Europe. In fact, several infrastructure projects under OBOR are already financed in a Shariah compliant manner: for example, the development of the Thar Block II coal mine in Pakistan is being financed by a dual-currency multijurisdictional part-Islamic financing package.

New entrants

The immense potential OBOR brings coupled with the increasingly attractive Muslim wealth has led Chinese financial institutions to also expand their offerings to cater to Shariah-conscious investors. In May 2016, Fullgoal Asset Management (Hong Kong) partnered with Dubai-based Mawarid Finance to launch an Islamic fund underpinned by Chinese equities while Chinese Business Hub, an outfit assisting Chinese companies to build a presence in the UAE, in August secured a Shariah compliance certification for one of its investment products.

In terms of banking: there have been multiple attempts by foreign players to establish Islamic banks in China including Malaysia's Affin Bank, RHB Capital (RHB Banking Group) as well as Bank Muamalat Malaysia. While these initiatives have not materialized, in September 2015, an Islamic bank — the Xining Rural Commercial Bank — was launched in Xining, the capital of northwestern China's Qinghai province, according to state-run Xinhua News Agency. The new bank joins the Islamic banking unit (established in 2009) of Bank of Ningxia in providing Shariah compliant financial products.

International partnerships

Both China and Muslim-majority countries as well as Islamic finance organizations are laying the foundation for stronger bilateral banking and financing relationships. Particularly interesting is China's ties with Iran. Maintaining steady ties even when Iran was still under sanctions, Chinese banks are now looking at setting up shop in the world's largest fully-fledged Shariah compliant banking and finance market (See IFN Report Vol 13 Issue 45: 'China leveraging on Iranian ties to gain Islamic finance edge').

The Islamic Corporation for the Development of the Private Sector (ICD) has also been actively engaging Chinese entities to explore Islamic finance opportunities: the ICD in May 2015 entered into a collaborative agreement with ICBC Financial Leasing, the leasing arm of the Industrial and Commercial Bank of China, to jointly develop Islamic capabilities and opportunities and assist economic evolution across ICD member countries. The ICD followed up with an MoU with China International Contractors Association.

The IDB is also in talks with China's Asian Infrastructure Investment Bank (AIIB) to explore the potential of utilizing Shariah compliant financing facilities to fund Asia's infrastructure needs. The AIIB also plans to make use of Hong Kong as a bond-issuing platform due to the island state's sound financial system and experience in developing Sukuk.

Islamic treasury products: Enhancing liquidity

The treasury department of any bank works to manage the institution's excess funds in a variety of ways and ensures that the bank has enough liquidity to cover current and future obligations. The aim of the treasury department of an Islamic bank is no different, although the obvious Shariah compliance requirements remain. DANIAL IDRAKI takes a look at recent developments in the Islamic finance treasury space.

Regulatory standards

Islamic banks have become more sophisticated with new financial products reaching into every field of treasury and investment such as money markets, capital markets and wealth management. These products include Islamic negotiable instruments of deposit, Islamic profit rate swaps and Islamic cross-currency swaps, among others.

In November 2015, the International Swaps and Derivatives Association (ISDA) and Bahrain-based International Islamic Financial Market (IIFM) published the Islamic Cross-Currency Swap (ICRCS) for use in Islamic hedging transactions. The published confirmation template is part of an ISDA and IIFM plan to provide the Islamic finance industry with documentation and product templates to manage risk in transactions arising mainly from currency and profit rate mismatches.

IIFM and ISDA also launched two new standards for Islamic foreign exchange (FX) products in June this year, in response to a growing call by global industry players for Shariah compliant hedging products as Islamic finance becomes increasingly internationalized.

Increasing cross-border Islamic finance activities and the growing sophistication of international deals in recent years make the need for greater currency risk-mitigating instruments as well as tools to reduce risks arising from rate-of-return mismatches more pressing. An Islamic FX forward provides a great range of utility including in trade finance and corporate banking as well as treasury and capital markets.

Sukuk measures

On the capital market front, the Sukuk sector witnessed a steady number of issuances from state treasuries in respective Islamic markets. Regular issuances were made by Islamic finance-active governments such as Malaysia, Indonesia, Turkey, Bahrain, Qatar and Brunei.

Despite Bank Negara Malaysia reducing the issuance of short-term Sukuk that began in 2015, Malaysia continues to regularly issue its government investment issue (GII) Murabahah facilities and Islamic treasury bills throughout the year, while Indonesia has also continuously issued sovereign Sukuk securities to finance its state budget for the year.

According to Moody's Investors Service, long-term Sukuk issuance in Malaysia and Indonesia accounts for more than 50% and 15% of global issuance respectively, and remained buoyant in 2015 and in the first half of 2016, while Qatar remains the most active issuer of long-term sovereign Sukuk in the GCC, representing more than 60% of total issuances since 2010.

The lack of a regular and liquid sovereign Sukuk market, however, reinforces liquidity risks for Islamic banks, including Islamic multilateral development banks, since they cross-invest in each other. It also pushes them to invest in low-yielding assets, such as cash and placement with banks or low-rated Sukuk, which in turn affects the quality of their treasury portfolio, Moody's further noted.

The ramp-up of issuance by the International Islamic Liquidity Management Corporation in the short-term international Sukuk market, however, will help to ease these liquidity issues for Islamic financial institutions.

Recent developments

The Turkish Treasury, apart from tapping the international Sukuk market, also issued TRY1.1 billion (US$326.24 million)-worth of fixed rent rate lease certificates and CPI-indexed lease certificates worth TRY1.07 billion (US$317.34 million) in September this year, which attracted an overwhelming response from investors with a strong appetite for Islamic papers, after the notes were oversubscribed approximately two times.

Over in Iran, the Ministry of Economic Affairs and Finance settled dues of Islamic treasury bills amounting to IRR9.96 trillion (US$330.88 million) in September, the Financial Tribune reported. The bills, the second batch ever offered, were issued to government contractors in lieu of overdue payments. Iran Fara Bourse is further listing IRR100 trillion (US$3.32 billion) of fresh Islamic treasury bills, the report quoted the exchange's CEO Amir Hamouni as saying.

In Bahrain, the bourse listed 11 short-term Sukuk Ijarah and treasury bills worth BHD742 million (US$1.95 billion) in April, which brought the number of listed treasury bills and short-term Sukuk Ijarah on the Bahrain Bourse to 24. In Indonesia, the central bank is currently working on issuing rules that are related to Shariah compliant negotiable certificates of deposit to attract short-term banking liquidity, which is expected to be issued in 2017.

On the corporate side, meanwhile, RHB Investment Bank in Malaysia is expanding its treasury portfolio in 2016 as it seeks to diversify its products to meet client requirements in a challenging economic environment. Angus Salim, the head of global financial markets, noted that the bank's key strategy is to increase the depth and breadth of treasury products and services to meet the diversified hedging, investment and funding requirements of its clients throughout Malaysia and across Asia.

Kuwait Finance House (KFH) recently became the first Islamic bank in the region to have implemented a fully automated straight through process in treasury dealing activity. Abdulwahab Alroshood, the chief treasury officer of KFH Group, indicated that the comprehensive system, which was done in collaboration with Path Solutions and Thomson Reuters, will serve all functions in the Treasury Department while reducing the manual work involved and boost the bank's operational efficiency.

AUBK meeting Basel III requirements via greenback Tier 1 Sukuk issuance

Ahli United Bank Kuwait (AUBK) has recently issued a US$200 million perpetual Sukuk Mudarabah facility to enhance its capital level. Speaking to Amgad Younes, the general manager of finance at the Islamic bank, NURUL ABD HALIM delves deeper.

The issuance of a perpetual additional Tier 1 Sukuk instrument has provided AUBK with the much-needed capital cushion in meeting the requirements of Basel III, which subject Kuwaiti banks to a minimum capital adequacy ratio (CAR) of 13% (effective in January 2017) as set out by the Central Bank of Kuwait (CBK).

"The implementation of Basel III rules, which requires all banks including Islamic banks to strengthen their capital bases and liquidity positions by holding higher quality capital, have created several challenges to Islamic financial institutions," noted Amgad. AUBK, therefore, decided to utilize the Shariah compliant capital market instrument to achieve a good quality ratio as well as to support its future business growth plans.

The bank, whose CAR level as at the 30th June stood at KWD380.12 million (US$1.25 billion) or 15.12%, witnessed a strong traction for its Tier capital Sukuk offering which was oversubscribed by more than three times in less than one week from the date of the announcement of the transaction both locally and internationally.

"Due to the multiples of the initial orderbook, many investors approached us and approached some brokers looking for extra allocation through the secondary market," enthused Amgad. The investors, according to Amgad, have begun trading the Sukuk even before the settlement, which normally takes place five days after the sale.

While the issuance has met the requirements of the regulations of the Capital Markets Authority, the CBK and also Basel III, incorporating the required characteristics of an additional Tier 1 capital instrument into an Islamic context presented several challenges.

"Additional Tier 1 instruments carry many features of common equity Tier 1 in general terms and that is why it is considered as part of equity," explained Amgad who, however, added that: "A specific coupon needs to be served regularly on time as per the market practice and the expectation of the investors. The non-viability and profit distribution stopper events are among the main characteristics of additional Tier 1 Sukuk which have been subject to deep review and analysis by us as well as the regulators." This is done through a close cooperation between the Shariah supervisory boards and the joint lead managers throughout the structuring and documentation phases of the deal.

> ***"Due to the multiples of the initial orderbook, many investors approached us and approached some brokers looking for extra allocation through the secondary market"***

Engineering the instrument using the Mudarabah structure allows AUBK to provide an investment platform for investors to achieve maximum results by investing in a wide array of Islamic investments.

For the coming 12 months, AUBK, which holds a market share of 6.6% in the Kuwaiti banking sector with total assets of KWD4 billion (US$13.4 billion), expects to make additional investment in Sukuk and other Shariah compliant capital market instruments.

Perpetual additional Tier 1 Sukuk

US$200 million

25th October 2016

Issuer	Ahli United Sukuk, Cayman Islands
Obligor	Ahli United Bank (AUBK)
Size of issue	US$200 million
Mode of issue	Private placement
Purpose	Enhance the bank's regulatory capital adequacy ratio
Issuance price	100%
Profit rate	Fixed profit rate of 5.5%
Payment	Semi-annually in arrears
Currency	US dollar
Maturity date	Perpetual
Lead manager(s) and bookrunner(s)	Citigroup Global Markets, Crédit Agricole Corporate and Investment Bank and Credit Suisse Securities (Europe)
Governing law	English law
Legal advisor(s)/ counsel	Allen & Overy and Meysan Partners
Listing	Irish Stock Exchange and NASDAQ Dubai
Underlying assets	AUBK's portfolio of financing assets including Ijarah, Mudarabah and Murabahah
Rating	Unrated
Shariah advisor(s)	The Shariah supervisory boards of AUBK, Crédit Agricole Corporate and Investment Bank, Citi Islamic Investment Bank and Al Rai Wa Al Mashoora
Structure	Mudarabah
Tradability	Yes
Investor breakdown	GCC, Asia and Europe
Face value/ minimum investment	Face value of US$1,000 and minimum holding of US$200,000

Shortage of Islamic bankers still prevalent

By Mohammed Khnifer, an Islamic debt capital markets banker at a supranational banking institution as well as an AAOIFI-certified Shariah advisor and auditor.

Almost every month I receive academic enquires or a request for career advice from Islamic finance students. I always keep wondering who will make the cut and join our industry. This is the sad story of how the Islamic finance industry is losing its young prospective foot soldiers.

I have always been fond of this topic and I am proud to say I was the first one who wrote about it back in 2010. It is correct to say the level of awareness on this issue has increased since then. Despite all of that, I can see many talents slip away and end up in different industries as they need to make a living. Those who take this path will be asking why they took this costly degree in the first place.

Unfortunately, many of these graduates, who are not lucky enough to hold a nationality of a country that does really cater to the development of its Islamic finance human capital, might follow such a path.
Islamic finance courses have become 'cash cows' to other institutions who jumped on the bandwagon. But we are not talking about online degrees which might be questionable in terms of quality of the training and education. Instead, we are talking about the cream of the crop — those savvy graduates who graduated from top business schools in Europe that offer a conventional and Islamic blend type of financing degree.

The first generation of Islamic bankers is the group that crossed the trading floor from conventional to Islamic banking to take up employment and were the ones provided with either bespoke training or learned their Shariah compliance on the job.

The propaganda of a shortage of Islamic bankers is still going strong, but has this been reflected in the recruitment process of Islamic institutions? Who can explain why the search for jobs in Islamic finance has never been harder at a time when demand for Islamic finance services has never been stronger? Would our industry at least consider granting more internship opportunities to them as we are slowly losing our human intellectual capital?

Each year our industry keeps losing Islamic finance students who become demotivated and depressed because the industry did not create the enabling recruiting environment that will welcome them.

@MKhnifer

Morocco: Participative banks preparing to start Shariah compliant activities

MOROCCO

By Dr Ahmed Tahiri Jouti

Believing strongly in the potentialities of Islamic finance in Morocco, most of the local conventional banks are preparing to launch their Shariah compliant activities.

Indeed, eight Moroccan banks have already expressed their intention to launch a range of Shariah compliant products and have submitted license applications for fully-fledged banks or Islamic windows. Moreover, all these eight banks started the implementation process before obtaining the licences from the central bank.

Partnerships with foreign players

Five out of eight banks have partnerships with foreign players:

- Dar Assafaa with the IDB
- BMCE with Al Baraka Banking Group
- CIH with Qatar Islamic International Bank
- CAM with the Islamic Corporation for the Development of the Private Sector, and
- Le Groupe Banque Populaire with Guidance Financial Group.

CAM and CIH that are state-owned banks which already have the authorization of the government to launch participative subsidiaries in partnership with foreign players, with the decrees already published in the Official Journal of the Kingdom of Morocco.

The three other conventional banks are local subsidiaries of French banks that are willing to start Islamic windows.

Acquiring dedicated IT systems for Islamic finance activities

Seven out of eight banks that submitted license applications have already acquired IT solutions for their Shariah compliant activities. The well-known IT solutions in the Islamic finance sphere already have deals with these banks. Moreover, four out of eight banks have started the implementation process of the IT system although the licenses have yet to be granted.

It is worth noting that the cost of the IT system implementation represents an important part of the total project cost and that banks are taking risks with the project if they fail to obtain their license.

Looking for synergies

The soon-to-be participative banks in Morocco belong to conventional banking groups that have consumer finance, insurance and leasing subsidiaries. Synergies with the conventional group subsidiaries can help participative banking to reach the commodity providers and to better serve their customers.

The synergies are not limited to the network of commodity providers but are extended to the debt collection ecosystem.

Time to market

All the local banks believe in the immense potential of Islamic finance in Morocco. Nevertheless, they know very well that acquiring a significant market share depends on two main elements:

- Having a comprehensive coverage of the market with synergies and conventions, and
- Being one of the banks — if not the first — to launch an Islamic finance product which can help to capture a significant flow of customers at the beginning.

Time to market is a decisive element for banks and that is why most of them are acquiring and investing in IT solutions before having their licenses granted by the central bank.

Dr Ahmed Tahiri Jouti is COO of Al Maali Consulting Group. He can be contacted at a.tahiri@almaaligroup.com.

Turkey: Financial inclusion and Islamic banking developments

TURKEY

By Ali Ceylan

Turkey's outlook was updated to stable from negative by global rating agency S&P on the 4th November due to the economic reforms implemented by the Turkish government. S&P had cut Turkey's rating to 'BB' from 'BB+' in July due to the effect of the attempted coup. S&P stated that economic stability in Turkey is not provided yet, but the government's economic implementation has become much effective and efficient and added that public and private consumption in Turkey have been the major driver of GDP growth so far this year and it also pointed out the government's Private Pension System that tries to lower the economy's dependence on foreign financing.

The Central Bank of the Republic of Turkey has lowered its reserve option coefficient, a move that will provide approximately US$620 million in liquidity to Turkey's financial system. The increase in foreign exchange reserve requirement ratios will add over US$2.9 billion in liquidity to the Turkish financial system. The central bank also said it raised the upper limit of foreign exchange reserve requirements to four points from three points to facilitate the foreign exchange liquidity management of banks.

Turkey is committed to tripling the market share of Islamic finance. Speaking at a conference, Deputy Prime Minister Mehmet Simsek said the Islamic finance market had been growing swiftly in Turkey and that the government aimed to further boost the sector, adding: "Islamic finance currently enjoys a 5% share in the market; our target is to increase this up to 15% by 2023." He emphasized that Islamic finance is not only the solution for the economy but also a solution for the current global problems like immigration.

Islamic or participation banks, which require interest-free financing, have been operating for over 30 years in Turkey. Five banks, two of which are state-owned, have a license to provide Islamic finance services. According to the Participation Banks Association of Turkey, these five banks have over 950 branches operating across the country. The total number of employees in the participation banking sector was around 16,000 as at June this year.

Nihat Zeybekci, the minister of economy, confirmed that three Iranian commercial banks were interested in starting operations in Turkey. Bank Pasargad, Saman Bank and Parsian Bank were considering Turkey as a site for new branches although there is no official application yet. Turkey's Halkbank already operates in Tehran. It was reported that increasing the number of products covered by a preferential trade agreement (PTA) between the two countries to 200 had been suggested during bilateral negotiations with Iranian officials. According to an existing PTA, Turkey offers tax reduction to Iran on 145 goods while Iran offers a discount on 125 products to Turkey. Banking Regulation and Supervision Agency President Mehmet Ali Akben has also confirmed that the Bank of China will start its operations in Turkey by the end of the year.

Ali Ceylan is a partner at Baspinar & Partners. He can be contacted at ali.ceylan@baspinar.av.tr.

Hong Kong's modified tax rules make it an ideal place for Sukuk issuance from Chinese companies

HONG KONG

By Wilson Yeung

The global issuance of Shariah compliant securities has climbed up by 28% to US$39 billion so far in 2016.

Since China does not have equal tax treatment for Sukuk, a Chinese company called Sichuan Development Financial Leasing Co is planning to sell its first US dollar Sukuk in the amount of US$300 million, so as to tap the quadruple increase in Chinese funds to US$2.6 billion as at the end of September this year, which can be invested in overseas bonds.

Sichuan Development is thinking of selling the aforementioned Sukuk via the SPV in Singapore called Silk Routes Capital in December, and this offering will be following China's initial ringgit Sukuk issued by Country Garden Holdings Co in 2015.

Owing to the existence of yield-hungry Chinese investors, there are predominant interests for Sukuk issuances like the aforementioned ones, and they can be regarded as a positive step in the right direction and can probably lead to more Chinese companies diversifying their sources of funding through the Sukuk market.

Chinese President Xi Jinping's 'One Belt, One Road' initiative, whose objective is to revive historical trade routes with Middle East countries, actually provides the impetus for Islamic finance development in the region, particularly in terms of infrastructures; Chinese companies are in the process of building roads, railways and ports along the route to the Middle East, Africa and Europe.

Given Hong Kong's modified tax rules effective from 2013 in providing a level playing field for conventional bonds and Sukuk in relation to profits tax and stamp duty, Hong Kong should make the best use of its policy advantage to strive for those Chinese companies, which are planning to issue their dollar Sukuk in overseas jurisdictions, to come to Hong Kong, especially when it is fiercely competing with Singapore to be the top international financial center in the Asian region.

If Hong Kong is proactive enough, there will be ample opportunities in Sukuk financing for 'One Belt, One Road' infrastructure projects, which will be worth significant economic benefits in the long run.

Wilson Yeung is a member of The Taxation Institute of Hong Kong. He can be contacted at wyeu002@gmail.com.

Third quarter provides ground for optimism

QATAR

By Amjad Hussain

The last few months for Islamic banks in Qatar can be summarized in the demonstration by the banks (including Islamic banks) of their strong performance and (despite the turbulent times this year) the improvement in their financial results in comparison with 2015. Most Islamic banks have disclosed their financial results for the third quarter of 2016 and all of the banks that have disclosed their results have reported an improvement in comparison with their results in 2015.

Qatar Islamic Bank announced the results for the nine-month period ended the 30th September 2016 with net profit attributable amounting to QAR1.61 billion (US$441.79 million) which showed an increase of 14% in comparison with the results for the same period in 2015.

Qatar International Islamic Bank also disclosed its interim financial statements for the period ended the 30th September 2016 and reported a net profit of QAR666.4 million (US$182.86 million) in comparison with QAR656.5 million (US$180.15 million) for the same period of the previous year. In addition, earnings per share were QAR4.4 (US$1.21) compared with QAR4.34 (US$1.19) for the same period in 2015.

Qatar First Bank's third quarter financial results recorded an increase in revenue by 39% to QAR491 million (US$134.73 million) compared with its 2015 figure, and also recorded a net profit of QAR3.4 million (US$932,969).

QInvest's third quarter financial results also recorded an increase in revenue to QAR337 million (US$92.47 million), up 18% from the same period in 2015 while operating profits increased to QAR182 million (US$49.94 million), up 19% as a result of increased fee income.

Finally, Masraf Al Rayan announced a net profit totaling QAR1.56 billion (US$428.07 million) during the first nine months of 2016, compared with QAR1.51 billion (US$414.35 million) made during the same period in 2015, a growth of 3%.

These results are a reflection of the strong and solid performance of the banks and the banking sector despite the challenging and difficult times endured by the market during the course of the year. Such results present a promising and optimistic indication of the performance of the banks for the remainder of 2016 and it is hoped that they will carry this performance into 2017.

Amjad Hussain is a partner at K&L Gates. He can be contacted at Amjad.Hussain@klgates.com.

The potential acquisition of HSBC Amanah by Allianz and its impact on the Takaful industry

TAKAFUL & RE-TAKAFUL (ASIA)

By Marcel Papp

As reported by IFN on the 31st October, Allianz Malaysia has obtained the regulatory approval from Bank Negara Malaysia to start negotiations with HSBC Amanah on the acquisition of the latter's Takaful business. They and the other two shareholders of HSBC Amanah, namely the Employees Provident Fund and JAB Capital) now have six months to conclude the negotiations.

This development does not come as a surprise as Allianz and HSBC already have a long-standing partnership in place. Furthermore, HSBC has to find a solution for their general business which is too small to survive on a stand-alone basis after the required splitting of licenses in 2018.

What does this potential acquisition mean for the Takaful industry? Even though Allianz is one the leading insurance groups worldwide, their engagement in Takaful has been limited so far. Other than a small window operation in Indonesia, Allianz does not own any Takaful companies. Therefore, this acquisition would be its first big engagement in the industry and Malaysia could become its global center of excellence for Takaful as in the case of Zurich Insurance which recently acquired MAA Takaful Malaysia.

> ***"General Takaful companies have always been lagging behind. Not only are they smaller in size, they tend to focus mostly on motor and other personal lines"***

The entry of Allianz could also give a welcome boost to the Malaysian Takaful industry especially on the general (property and casualty) side. While Family (life and household) Takaful has grown significantly in the past 10 years, partly because of the involvement of several regional and global players, the General Takaful companies have always been lagging behind. Not only are they smaller in size, they tend to focus mostly on motor and other personal lines. As a result, commercial and industrial lines are currently underserved by the Takaful industry in Malaysia.

Therefore, Allianz's involvement in Takaful can lead to an increased focus on this business given its strength in commercial and industrial lines.

Naturally, this is all dependent on whether the negotiations are successful and if Allianz is serious about developing the Takaful business potentially not only in Malaysia but elsewhere.

Marcel Omar Papp is the head of re-Takaful at Swiss Re Retakaful. He can be contacted at Marcel_Papp@swissre.com.

Property mogul becomes US president

REAL ESTATE

By Philip Churchill

Well, I could hardly ignore it, but where to start when broaching political matters of this sensitivity? I guess by saying that I wanted Hillary Clinton to win, or better yet, that I didn't want Donald Trump to win.

So there can't be many people on the planet who aren't aware that Trump will become the US president in January, but very few in the Muslim world will be happy about this. However, let's look at this objectively and assess what impact it could have on Islamic investors with existing properties or those considering further real estate investment in the US.

Firstly, he's a real estate guy with a significant portfolio of his own. Whatever he does, his self-interest would suggest that he's unlikely to do anything to hurt the property industry and may even seek to promote it.

Secondly, he's planning to spend lots of money. His infrastructure and other expenditure plans will most likely boost the economy, lead to inflation and with it, as it's heavily correlated, property appreciation. This likelihood has already been seen in higher interest rate swaps, with the markets forecasting the higher interest rates that such higher inflation would encourage.

Meanwhile, Trump has got to fund his ambitions from somewhere. Nothing has suggested that he's about to cut off or dissuade overseas money, wherever its source, coming into the US. What he's been seeking to prevent is US money going out.

However, could he implement his 'total and complete shutdown of Muslims entering the US'? I'm not defending the man, but he did at least add: "… until our country's representatives can figure out what is going on." Heavy stuff nonetheless, but I'd be amazed if this ever went anywhere, except increased focus on those who may do others harm.

Last but not the least, we have possible negative Islamic investor sentiment toward the US now. Far be it from me to suggest how investors should view the US with Trump at the helm, but so long as he continues to leave behind his pre-victory rhetoric, we have a chance that time will heal some wounds.

Philip Churchill is the founder partner at 90 North Real Estate Partners. He can be contacted at pchurchill@90northgroup.com.

Regulating the disruption

LAW & LEGAL FRAMEWORKS

By Dr Hurriyah El Islamy

To regulate or not to regulate? That is the first question regulators ask when it comes to financial technology (fintech). Viewed as a potential disruptor to traditional financial services, many find this alternative as a more effective and inclusive option. Technology reduces paperwork and improves speed by automating manual processes. That significantly reduces legal and administrative costs. Fintech marketplaces do not adhere to bankability parameters. Fintech applies new credit screening methods, including qualitative screening, backed by big data. These platforms also serve start-ups and social enterprises which are typically less bankable. That creates greater financial inclusivity, and brings social good.

Based on those many benefits, regulators should focus on facilitating the growth of fintech in a controlled environment. Some regulators have a direct licensing approach, while others have adopted a sandbox approach to encourage innovation. In the absence of regulation, there will be room for arbitrage and abuse or even outright fraud. There may not be existing laws or regulations that capture such wrongdoings or criminal acts. Even if there are legal provisions broad enough to cover this, the punishment may be too light to effect deterrence.

Then the next question comes, who should regulate this? The central bank, the Securities Commission, the Ministry of Finance or the ministry in charge of information technology? This question is trickier than it may seem and very often results in delays in regulations.

Why are these issues relevant to Islamic finance? There are many ways technology can be used to facilitate financial transactions. All of which, without prohibitive (Haram) elements in them, are deemed Shariah compliant. Encouraging the growth of fintech can arguably increase the total size of Islamic finance assets significantly. It can also promote wider wealth distribution (through donation). Take crowdfunding for example. It is arguable that financing arranged in a peer-to-peer (P2P) manner or by equity crowdfunding (ECF) is Shariah compliant. It is closer to the spirit of Muamalah in Islam as compared to Tawarruq financing.

P2P and ECF platforms facilitate an interested party to invest in curated projects, businesses or individuals (projects). By investing in a particular project, the investor becomes the Rab Al Maal, who together with other investors, place the capital in the project to be run and managed by the project owner. Here, the true spirit of 'no risk, no gain' applies. The investors take a risk on the success of the project. If it is successful, they get their capital plus profit in the agreed proportion. If not, then they risk losing their capital or part of it. This is where regulation is important, among others. Regulation can set the ceiling of projected returns so as not to let a project owner promise unreasonably attractive rates to attract investors, only to find it cannot meet the commitment.

Thus, some countries such as the UK, Malaysia, Thailand and Taiwan are leading the way with the issuance of regulations to govern fintech. Some other countries have announced that they are considering the issuance of such regulations.

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Dr Hurriyah El Islamy is an IMF expert in Islamic finance, an FAA assessor and an AAOIFI CSB working group member. She can be contacted at hurriyah@gmail.com.

Wan Kamaruzaman Wan Ahmad, CEO of KWAP

It is tough, has been tough and likely will be tough over the next year for the financial markets as the international community wrestles with a global economic slowdown, weak energy prices and rising geopolitical concerns; but Wan Kamaruzaman Wan Ahmad, CEO of Malaysia's second-largest pension fund, who provides VINEETA TAN an insight into the pension fund's plan of becoming fully Shariah compliant, also shares in this exclusive interview that there are opportunities to capitalize and returns to be made during these uncertain times.

Wan Kamaruzaman is not one for euphemisms or sugar coating. "It has been a tough year — especially for the Malaysian market," he admits. "Both the bond and equity markets have been in negative territory following Donald Trump's victory in the US presidential elections; yield for bonds and Sukuk increased substantially after the elections, even higher than before the OPR cut — and when the bulk of your investments are exposed to the domestic market, things don't look too good."

Trump's rhetoric on global trade and nationalism has placed export countries, which are already dealing with a weaker Chinese economy, in a precarious position. "We (Malaysia) would likely take a hit not only because of Trump, but also because China is a big export market for us and it is not experiencing significant economic rebound as it continues to post growth below 7-8%," Wan Kamaruzaman explains.

Yet, despite the seemingly cheerless atmosphere, it is not all doom and gloom. For the Retirement Fund, or Kumpulan Wang Persaraan (KWAP) which manages over RM120 billion (US$27.16 billion) in assets (more than half of which are Shariah compliant), diversification into regional and European markets as well as into ESG and Islamic assets have proven to be strategic, leading to positive returns amid this low-yield environment.

"Fortunately for us, we have had a good 10 months and until November, we have been on track in hitting our target of [a] 5% overall portfolio return," Wan Kamaruzaman says. He, however, adds the caveat that judging on current market conditions, the figure may be lower than 5% by the end of 2016.

The pension fund has been on the lookout for a variety of assets to provide it with much-needed diversification, even investing in sectors it never had an exposure to: in September, KWAP for the first time invested in the technology start-up sector and it intends to build its expertise in this non-traditional asset class. The pension fund, whose equity investments have traditionally been heavy on large capitalization stocks, also boosted its investments into small-cap companies this year — allocating RM700 million (US$158.41 million) to this asset class, more than thrice the initial amount KWAP started with for this sector in 2014.

To convert or not to convert?

It is this thirst for diversification which led KWAP to be an active player in the Islamic investment space over the last few years, and it hasn't looked back since; in fact, the sovereign wealth fund has big ambitions: it intends to become a fully-fledged Islamic pension fund, an ambition well-received by the Islamic finance industry.

An ardent Islamic finance supporter, Wan Kamaruzaman is fully on board with the idea of converting KWAP's entire portfolio to become Shariah compliant; he, however, acknowledges that the goal is a tall order and the journey toward achieving that is a long one, and one wrought with many challenges.

"We never had a definitive timeline to become fully Shariah compliant but we do have a game plan to increase our Shariah compliant portfolio — at the moment, it is approximately 51% and we are working on increasing it to 70%," Wan Kamaruzaman shares. But that is easier said than done.

Despite being one of the world's most sophisticated and advanced Islamic finance markets, Malaysia like other jurisdictions, faces the perennial issue of a lack of Islamic liquidity management instruments, a tepid secondary market and a relatively limited universe of investable assets. These make it difficult from a commercial standpoint for any funds to operate on a purely Islamic basis.

The nation's largest pension fund, Employees Provident Fund (EPF), earlier in August introduced a RM100 billion

(US$22.63 billion) Shariah compliant saving scheme, a landmark move Wan Kamaruzaman lauds as fantastic. While the Shariah scheme generated strong take-up in the first few weeks when it was launched, the scheme, with a little over a month to go until the subscription period is closed, is still about half-way from being fully subscribed.

"I feel there is caution on the part of the consumers in terms of switching because Islamic finance offerings are still not as wide as the conventional," Wan Kamaruzaman thinks. There is also the issue of misperception of Islamic finance products being exclusively for Muslims.

The idea of a fully-fledged Islamic pension fund is a grand one, and one that KWAP aspires to make a reality; but for that to materialize, Wan Kamaruzaman asserts that: "The Islamic finance market must mature together and the ecosystem must be able to support institutional investors like us. Otherwise, it would be very challenging for us to convert our fund into a fully Shariah fund due to issues such as the lack of liquidity and the absence of an active secondary market. The regulators have done a fantastic job to promote an ecosystem that is conducive for Islamic finance to prosper but other initiatives are needed to support it — apart from regulators, the private sector, corporate and institutional investors must also do their part to support the ecosystem.

Recovery practices in Musharakah Mutanaqisah-based products

The recovery process in banking starts when a customer's account is classified as non-performing or has been written off due to a default in payment for a certain period of time. In any financial institution, recovery is an important process to ensure that the revenue stream remains intact, while minimizing losses. It is indeed pertinent to have proper recovery procedures in place, otherwise the losses suffered by the financial institutions would be huge. AHMAD MUKARRAMI AB MUMIN and MASYITAH HASHIM explore.


Ahmad Mukarrami Ab Mumin is the head and Masyitah Hashim is an executive of the Shariah Division at RHB Islamic Bank. They can be contacted at ahmad.mukarrami@rhbgroup.com and masyitah.hashim@rhbgroup.com respectively.

As required by Bank Negara Malaysia (BNM), all financial institutions need to enforce clear policies and procedures by exploring all viable options in assisting customers to meet their financial obligations. This is implemented by addressing customers' financial difficulties to the bank thoroughly. For Islamic financial institutions, apart from ensuring that the recovery process is able to minimize losses, they also need to ensure that the processes are Shariah compliant.

Termination of facility in the recovery process

All products offered by Islamic financial institutions should be based on certain Shariah contracts or concepts. Having said that, the modus operandi involved in executing the Shariah contract must be 'end-to-end Shariah compliant' which includes recovery as part of the processes. Hence, the process in terminating the facility and collecting the payment must be fully observed by Islamic financial institutions as the facility may be different from one to another due to the underlying Shariah contract which might require different processes or a different treatment.

Shariah contracts can be divided into several classifications depending on the purpose of the contract. This includes Uqud Al-Muawadat (an exchange–based contract), Uqud Al-Tabarruat (a charity-based contract), Uqud Al-Isqatat (a waiving contract) and Uqud Al-Ishtirak (a partnership contract).

Uqud Al-Muawadat, for example, refers to an exchange-based contract. It is entered into by two contracting parties to acquire an asset by exchanging the counter-value and it is binding upon both parties. This contract may be terminated by way of Iqalah (revocation of sale) via mutual consent. Should the contract be terminated by way of Iqalah, the bank is entitled to accelerate the payment and claim the debt up to the selling price.

> ***"The enforcement of Shariah contracts needs to be monitored attentively to ensure that the contents of the agreement are constructed and executed within the boundaries of Shariah"***

Iqalah may also be applied in an Ijarah (rental) contract, for instance in vehicle financing. By way of Iqalah, when the owner or the hirer wants to terminate the contract, the hirer must return the vehicle. The owner at that stage is only entitled to the outstanding rental and cannot claim more than that if the hirer no longer enjoys the usufruct. In this situation, some Islamic financial institutions will sell the vehicle to the hirer by way of purchase undertaking (by the client) to create the indebtedness and to get back its principal and the outstanding rental.

Another example is Uqud Al-Istihrak, ie Musharakah Mutanaqisah (diminishing partnership). This contract is applied mostly in home financing facilities and it may be terminated by way of contract dissolution. When a Musharakah contract is dissolved, each partner is entitled to their share of the property. In order for an Islamic financial institution to recover their principal and outstanding profit, the Islamic financial institution may sell its share of the property to the other party by way of purchase undertaking (by the client) with an agreed selling price. Hence, both parties will enter into a sale contract which is binding upon them.

Potential Shariah issues in the recovery process

Shariah non-compliance incidents may occur during the recovery and collection process if the Shariah requirements are not carefully observed. For example, in a home financing facility based on Musharakah Mutanaqisah, if a customer defaults in installment payments, the Islamic financial institution would normally issue a notice of demand in which the Islamic financial institution instructs the customer to pay the remaining total outstanding amount under the facility. This includes the costs and compensation fee (Tawidh) on overdue installments.

Subsequently, should there be no payment received from the customer, the Islamic financial institution will issue a notice of termination to terminate the facility and the purchase undertaking will be invoked. In this

Continued

regard, the Islamic financial institution must ensure that no Ijarah payment is charged to the customer because the Islamic financial institution has terminated the contract and sells its share to the customer.

Apart from that, the price of the share must be clearly mentioned and made known to the customer to avoid Gharar (uncertainty) elements in the transaction.

However, despite the termination of the facility, the Islamic financial institution would usually allow its customer to reinstate and regularize the account by paying the outstanding amount and compensation fee. At this stage, the Islamic financial institution must ensure that the outstanding amount claimed is justifiable from a Shariah point of view.

In addition, the Islamic financial institution must also determine the Shariah contract required to be entered with the customer during post-termination of the facility. This is due to the fact that the previous Shariah contracts such as Musharakah and Ijarah are no longer enforceable due to the termination. Hence, it may also affect legal documentation. Therefore, the transition from one Shariah contract to another must be properly observed by Islamic financial institutions as each Shariah contract constitutes different effects on the transaction.

Conclusion

Recovery is an important process to mitigate any possible loss from the financing products taken up by the customers. For Islamic banking, all documentation needs to be reviewed thoroughly from time to time as it reflects the processes on 'what' and 'when' Islamic financial institutions charge to the customer. Further, the enforcement of Shariah contracts also needs to be monitored attentively to ensure that the contents of the agreement are constructed and executed within the boundaries of Shariah. To put it briefly, the documentation review needs to be conducted regularly to avoid conflicting elements that may not only cause injustice to customers, but may also put the Islamic banking industry under the spotlight which may affect its reputation and market activities.

Islamic treasuries in Pakistan

Pakistan is a fast-paced and rising Islamic country with the 6th most populous economy of the world. With US$4,744 per capita income and with a 4.24% GDP growth rate, Islamic banking is gaining more popularity and acceptability among people irrespective of religion. Domestically, much like internationally, the Islamic banking industry is growing at a fast pace and has acquired more than 10% of market share in the country's banking system. MUHAMMAD ZEESHAN AJMAL writes.

Muhammad Zeeshan Ajmal is the group manager of treasury at Haidri Beverages & Companies and previously the treasury manager-VP1 at Kashf Microfinance Bank. He can be contacted at zshee2312@hotmail.com.

A rising deposit base without consideration of mark-up rates or rising deposits in lowering the interest rate scenario is one bond between Islamic banks and the people which is getting stronger. The rising base in deposits, which has reached up to PKR1.5 trillion (US$14.06 billion) in industry cumulative, is creating pressure on Islamic treasuries (ITs) to manage funds and returns to stakeholders.

ITs have permissible investment avenues in Sukuk, Shariah compliant stocks, foreign exchange contracts, commodity Murabahah, Bai Muajjal and other similar products.

The decline in interest rates has been continuous in Pakistan since November 2013 and at the present rate of 5.75% is causing a dent to fixed income traders in Sukuk who are mainly Islamic treasuries whereas their contribution toward government debt has been rising from 3% to 4.5% with a major contribution in the long term (4% to 5%).

With a stable economic outlook, the State Bank of Pakistan plans to keep interest rates favorable to the industrial sectors that are contributing toward cumulative growth and tax revenue.

Sukuk are treated as Shariah compliant debt instruments as an alternative to Pakistan income bonds and treasury bills and usually rates are competitive to other asset classes. However, under current scenarios, ITs are finding it difficult to keep pace with further investments in Sukuk as the government treasury is targeting foreign bonds/US dollar bonds issuances available at LIBORs, which are at a much lower cost than Karachi Inter Bank Offered Rates (KIBOR).

The high-liquidity position is threatening Sukuk/bond yields and is expected to narrow forward spreads between the rupee and the US dollar. This strategy is lackluster for ITs in the quest for greener pastures but is still bringing them on target for higher returns. The central bank executed US dollar Sukuk at rates higher than KIBOR, a step which is and has been under great criticism from Islamic banks. To support this strategy, the central bank has announced soft measures such as a reduction in the statutory liquidity ratio for liquidity controls to save ITs from liquidity constraints and encourage them to invest in short-term avenues.

The capital market is breaking new levels (currently the KSE 100 Index is at 42,292.67) with +28.9% calendar year-to-date offering a sizeable dividend yield of 5% among top Asian counterparts. This stock market strategy is pressurizing the investment limits of ITs to spend more money in stock markets which is keeping risk gurus on their toes and requiring more vigilance with controls.

Bai Muajjal, a short-term financing, is also an offering to bridge the gap for appropriate investment avenues. This covers the period up to 12 months and helps earn decent returns that are used for lending to conventional banks and with government borrowings providing security to capital.

Bai Muajjal is different from clean lending where there is no underlying security for consideration and is based on Islamic financial assets. Hence, the highly liquid market keeps the pressure on ITs to deploy funds to other non-financial banking arms/partners under Shariah compliant products which again invites risk managers to come and play their part.

Islamic treasuries are also concerned about the slowdown in credit take-off due to the low access rate of alternative liquidity sources by the corporate sector which is wary of excessive paperwork and extended processes with Islamic banks and is benefiting from better bargaining power against Islamic banks.

Ease in credit documentation is one important area for ITs to tackle with the respective departments. Interestingly, this can be addressed by sophistication in products, making it consumer-friendly. The nature of the documentation and conventional liquidity are pressing ITs toward lower margins.

The tussle between conventional and Islamic banking products cannot move consumers toward Islamic banking except for personal preferences. However, despite several efforts, standardization in product offerings among ITs is still a challenge.

Pakistan has witnessed an increase in trade business as a result of strict security measures, conducive business policies and an expansionary monetary policy which is helping the manufacturing industry at large and catalyzing growth in the economy. ITs are gaining full benefits in the form of foreign remittances by overseas workers (a monthly average of US$1.7 billion) and industrial clients. This is another window for ITs to earn decent returns in the form of foreign exchange.

The central bank has exempted all Islamic banks in Pakistan from using KIBOR, an interest-based benchmark, for Musharakah, Murabahah and agency-based transitions, a step liberating Islamic banks to define the banking framework with defined Islamic risk guidelines for equity protection and the AAOIFI Shariah standard for Musharakah/Mudarabah/Wakalah transactions. This delinking is expected to encourage Islamic banks to redefine their product pricing according to Shariah compliant practices.

DEALS

CBB not planning Sukuk

BAHRAIN: The Central Bank of Bahrain (CBB) has denied a news story by Reuters reporting that the Kingdom is planning to issue an international US$500 million Sukuk facility in the first quarter of 2017. "The CBB has no current intention to issue debt, either conventional or Islamic, at this time," a spokesman for the bank told Reuters.

Brunei issues Sukuk Ijarah

BRUNEI: The Autoriti Monetari Brunei Darussalam, on behalf of the government of Brunei, has issued its 138th series of short-term Sukuk Ijarah in the amount of BN$100 million (US$70.08 million). According to a statement, the facility was priced at a 0.56% profit rate and will mature on the 2nd February 2017. With this issuance, the Bruneian government has thus issued over BN$10.32 billion (US$7.23 billion)-worth of short-term Sukuk Ijarah securities since the maiden offering on the 6th April 2006.

Ooredoo to make profit payment

QATAR: Ooredoo Tamweel, a wholly-owned subsidiary of Ooredoo, is set to make a profit payment of US$18.99 million under its US$1.25 billion 3.04% guaranteed notes due the 3rd December 2018 to its Sukukholders on the 5th December 2016, according to a statement.

BRI Syariah lists subordinated Sukuk

INDONESIA: BRI Syariah's subordinated Sukuk Mudarabah I facility amounting to IDR1 trillion (US$73.5 million) was listed on the Indonesia Stock Exchange on the 17th November 2016, according to a filing to Kustodian Sentral Efek Indonesia. The seven-year facility will mature on the 16th November 2023 and received an overwhelming response from domestic investors after it received IDR2 trillion (US$148.8 million) in subscriptions, Republika.co.id quoted the bank's director of retail and commercial business, Indra Praseno, as saying.

IILM's three-month Sukuk oversubscribed

MALAYSIA: The International Islamic Liquidity Management Corporation (IILM)'s reissued US$840 million three-month tenor Sukuk facility with a profit rate of 1.35% was oversubscribed by US$831 million, according to an announcement on Bank Negara Malaysia's website. The Sukuk facility received a total of 15 bids.

The reissuance marks the 30th series of short-term Sukuk issued by the IILM, and brings the total amount of Sukuk that have been issued and reissued to US$21.98 billion as at November 2016. The reissuance was fully subscribed by the following primary dealers: Abu Dhabi Islamic Bank, Al Baraka Turk, Barwa Bank, Boubyan Bank, CIMB Islamic Bank, Kuwait Finance House, Maybank Islamic, National Bank of Abu Dhabi, Qatar Islamic Bank, Qatar National Bank and Standard Chartered Bank.

TRIplc Medical plans Sukuk Murabahah issuance

MALAYSIA: TRIplc Medical (TMSB), a wholly-owned subsidiary of TRIplc, plans to issue a senior Sukuk Murabahah facility of up to RM639 million (US$146.27 million) in nominal value, according to a bourse filing. The proceeds raised from the Sukuk facility will be utilized by TMSB to part-finance the construction cost of the Teaching Hospital and Medical Academic Center in Universiti Teknologi MARA, Puncak Alam campus, Selangor. The senior Sukuk Murabahah facility has been assigned a preliminary rating of 'AA1' by RAM Ratings and has a tenor of more than one year and up to 18 years from the date of issuance.

CBB's Sukuk Salam oversubscribed

BAHRAIN: The monthly issue of the Sukuk Salam facility by the Central Bank of Bahrain (CBB) worth BHD43 million (US$113.15 million) has been subscribed by 128% after receiving subscriptions worth BHD55 million (US$144.73 million), according to a statement. The facility, which carries a maturity of 91 days, has an expected return of 2.05% compared with 2.02% for the previous issue on the 19th October 2016.

Etihad Airways's planned Sukuk gets pricing

UAE: Etihad Airways's planned Sukuk issue will be for a tenor of five years and at least US$500 million in size, and priced in the low to mid-200bps above midswaps, Reuters reported, citing initial price guidance. HSBC, JPMorgan and National Bank of Abu Dhabi are the arrangers for the airline's maiden Sukuk issuance and are joined by Abu Dhabi Islamic Bank, Dubai Islamic Bank and First Gulf Bank as bookrunners. Orderbooks for the Sukuk issue will close by Tuesday or Wednesday at the latest, and is expected to price this week, according to the document compiled by the arranging banks.

STSSB to issue 160th ICP

MALAYSIA: Sunway Treasury Sukuk (STSSB) announced on Bank Negara Malaysia's website that it will issue RM100 million (US$22.63 million) in Islamic commercial papers (ICP) via tender on the 24th November. Maturing on the 27th December 2016, the 'MARC-1IS'-rated facility is STSSB's 160th ICP series.

DEAL TRACKER Full Deal Tracker on page 28

EXPECTED DATE	COMPANY'S NAME	SIZE	STRUCTURE	ANNOUNCEMENT DATE
24th November	Sunway Treasury Sukuk	RM100 million	Islamic commercial papers	16th November
TBA	TRIplc Medical	up to RM639 million	Sukuk Murabahah	16th November
November 2016	Islamic Development Bank	upward of US$1 billion	Sukuk	15th November 2016
November 2016	Etihad Airways	up to US$1 billion	Sukuk	15th November 2016
TBA	Sichuan Development Holdings	US$300 million	Sukuk	4th November 2016

AFRICA

Tunisia considering another Islamic bank

TUNISIA: The Central Bank of Tunisia is considering a request by a Tunisian resident abroad to establish a new Islamic bank in partnership with foreign investors, Governor Chedly Ayari announced, according to Tunis-Afrique Presse. Ayari also said that the central bank is currently working on preparing two circulars to supplement Law No 48, a new law enacted in July 2016 for Shariah compliant finance. Tunisia is home to three fully-fledged Islamic banks: Al Baraka, Zitouna and Wifack International Bank.

Zitouna Tamkeen plans new initiatives

TUNISIA: Islamic microfinancier Zitouna Tamkeen plans to establish a TND250 million (US$109.12 million) entrepreneurship fund as well as launch a laboratory for the development of capacity-building projects, the International Center for Economic Capacity Development, according to AfricanManager, quoting CEO Nabil Ghalleb.

Nabil also said that the company will soon launch a new project in partnership with Delice Holding Group which will benefit the production capacity of 2,500 beneficiaries in the dairy sector over a five-year period through training workshops and financing.

IDB signs financing agreement with Burkina Faso

BURKINA FASO: The IDB has signed a financing agreement worth US$37 million with Burkina Faso that will go toward expanding and strengthening the West African country's electricity grid, according to a statement. Concurrently, the bank also entered into an MoU with the Economic Community of West African States Commission to facilitate the flow of trade, investment, information, infrastructure connectivity and private sector development.

ASIA

Islamic banks to boost green financing

INDONESIA: Otoritas Jasa Keuangan (OJK) has called on Islamic banks to lead the implementation of green financing in the country. According to Kontan.co.id quoting Mulya Siregar, OJK's deputy commissioner of banking supervision, currently almost all Islamic banks have been implementing the green financing concept, particularly in organic agricultural financing. OJK is also considering issuing a regulation on green financing in the middle of next year. The new regulation will cover three industries namely banking, non-banking and the capital market.

Summit Bank studying M&A possibility

PAKISTAN: Summit Bank is looking at a potential merger/acquisition (M&A) process with Sindh Bank and will conduct due diligence, according to a bourse filing. Summit Bank is in the process of converting itself to become a fully-fledged Islamic bank which is expected to be completed by the end of 2017.

Malaysian Islamic banks continue growth trajectory

MALAYSIA: Malaysian Islamic banks registered a market share in financing of 27.9% of the overall banking system loans as at the 30th June, up 0.9% year-on-year and outpaced that of conventional banks over the previous five years, according to Fitch in a statement. The rating agency also observed a pickup in Islamic financing in construction and real estate sectors in the first half of 2016 on the back of the government's focus on infrastructure projects. Islamic banks' investment accounts have also outperformed Islamic deposits with the former growing to RM36.2 billion (US$8.33 billion) as at June 2016, from RM4.3 billion (US$989.47 million) in July 2015, while the latter's growth remained flat. The rating agency, however, foresees that loan growth — both Islamic and conventional — will expand at a more modest pace in 2017, and the impaired loan ratios may rise slightly.

IDB finances Turkey's rail projects

TURKEY: The IDB is expected to provide EUR312 million (US$335.45 million) to Turkey to finance the latter's 10 high-speed passenger trains to run between Ankara and Istanbul, according to Anadolu Agency quoting the Islamic bank, which added that it will also extend financial backing to Turkey's plan to develop its high-speed rail network to other major cities. The IDB previously supported the Ankara to Konya high-speed line.

Modarabas extend financing outreach

PAKISTAN: The Modaraba sector has completed the arrangements to set up an Islamic Financing Facility Center at Rawalpindi to facilitate buyers of motorcycles to secure affordable financing, according to the Business Recorder. Initially, four Modarabas namely, Allied Rental Modaraba, First Habib Modaraba, Orix Modaraba and Trust Modaraba are participating in the arrangement, with more members likely to join. The facility will be provided through the sales network of M/S Qazi Trading Company, one of the major motorcycle retailers and other outlets will be included in due course. The center commenced operations in the week of the 21st November 2016.

Bank Muamalat finances SLDB

MALAYSIA: Bank Muamalat has extended Muamalat financing facilities worth RM265 million (US$61.09 million) to Sabah Land Development Board (SLDB) for the latter to finance its capital expenditure and working capital requirements. According to a statement, the 15-year facility, comprising Term Financing-i and Revolving Financing-I facilities, will also be utilized by SLDB and its subsidiary, Keningau Agro Venture, toward the refinancing of existing financing facilities and the development of identified estates in the west coast of Sabah.

Bank Indonesia launches fintech office

INDONESIA: Bank Indonesia has launched the Bank Indonesia Fintech Office in Jakarta as the country seeks to facilitate the development of innovation in a technology-based financial ecosystem and improve the competitiveness of the fintech industry, according to a statement.

RBI proposes Islamic windows

INDIA: The Reserve Bank of India (RBI) has proposed to introduce Islamic banking in a gradual manner, given the complexities of Islamic finance and various regulatory challenges involved in the matter as well as due to the fact that Indian banks have no experience in this field, reported Press Trust of India based on a letter from the RBI to the finance ministry. The RBI further stated that a few simple products which are similar to conventional banking products may be considered for introduction through Islamic windows of conventional banks after the necessary notification by the government. Additionally, the RBI also said that the introduction of fully-fledged Islamic banking with profit-loss sharing complex products may be considered at a later stage. The RBI's proposal is on the basis of examining the legal, technical and regulatory issues regarding the possibility of introducing Islamic banking in India.

GLOBAL

Last public hearing on AAOIFI Shariah gold standard

GLOBAL: AAOIFI has held its last public hearing on its gold Shariah standard exposure draft, it said in a statement. Scholars, Shariah board members, economists and leaders of Islamic financial institutions as well as lawyers and regulatory experts attended the public hearing to discuss the Standard 57 (Gold and Trading Controls); the AAOIFI Secretariat will submit the suggestions to the Shariah board for consideration and amendments.

Ahli Capital partners with TAKAUD

GLOBAL: Kuwait-based Ahli Capital Investment Company has entered into a partnership with Bahrain's TAKAUD, allowing Ahli Capital to offer TAKAUD's Shariah compliant savings and investment solutions, according to a statement. The investment strategies are available in three investment risk profiles.

NASDAQ Dubai grows Sukuk listings value

GLOBAL: The value of Sukuk listings on NASDAQ Dubai reached US$45.75 billion on the 16th November following the listing of a US$200 million facility by Ahli United Bank Kuwait, reaffirming the bourse's position as the global leader for Sukuk listings, according to a statement.

MIDDLE EAST

ADFG acquires stake in SHUAA

UAE: Abu Dhabi Financial Group (ADFG), via its subsidiary Shine Investments in Commercial Properties, has acquired a stake amounting to 48.36% of the paid-up capital (515 million shares) of SHUAA Capital from Dubai Financial Group Holding Company, according to a statement. As per the Securities and Commodities Authority's regulations, the acquirer and the seller, both operating Islamic financing and investment activities, have until the 13th January 2017 to execute the transaction.

NBF opens new branch

UAE: National Bank of Fujairah (NBF) has launched a new branch in the Fujairah Free Zone, offering a full range of banking services including NBF's Islamic products, equipment finance facilities, priority banking and Elham which is NBF's specialized banking services for Emirati businesswomen, according to a statement.

Ajman Bank secures Islamic financing

UAE: Ajman Bank has secured an AED850 million (US$231.36 million) syndicated Islamic financing facility which will be utilized toward supporting the Islamic bank's growth plans, according to a statement. The syndication of the two-year Shariah compliant facility was led by Noor Bank, which acted as the initial mandated lead arranger and bookrunner, with Dubai Islamic Bank, First Gulf Bank, Sharjah Islamic Bank, the Arab Investment Company and Warba Bank joining as mandated lead arrangers, while National Bank of Bahrain participated as an arranger.

Al Safwa Islamic Financial Services changes name

UAE: Al Safwa Islamic Financial Services has changed its name to Al Safwa Mubasher Financial Services effective the 16th November 2016, according to a bourse filing.

Al Salam offers property financing promotion

BAHRAIN: Al Salam Bank has launched Dari Property financing, an exclusive promotion on Manara Development projects: the Kenaz Al Bahrain project in Al Qadam and the Wahati project in Muharraq, according to a statement. This offer is also open to all beneficiaries of the Mazaya social housing scheme and includes competitive profit rates, low downpayment, lower monthly installments and cashback rewards of up to BHD5,000 (US$13,157.2).

Iran to create property index

IRAN: The Iran Mercantile Exchange (IME) and the Real Estate Agents Union have agreed to create an index to gauge the Iranian housing market, according to the Persian daily Hamshahri. Hamed Soltani-Nejad, CEO of IME, was quoted as saying that futures and options will be offered on the index after securing the Shariah compliance stamp.

Aberdeen opens new office in Abu Dhabi

UAE: Aberdeen Asset Management (Aberdeen) has established its regional hub and first presence in the Middle East region in the Abu Dhabi Global Market (ADGM), according to a statement. The opening of the new office sees Andrew Paul appointed as the senior executive officer of Aberdeen Asset Management Middle East, alongside Lucy Draper as the senior business development manager. Aberdeen expects demand in the MENA region to be highest for Aberdeen's direct property, Islamic equities, multi-asset income, Indian bonds and emerging market debt products.

ADIB denies merger plans

UAE: Abu Dhabi Islamic Bank (ADIB) in a bourse statement has officially denied it is in merger talks with Al Hilal Bank following a news story published by Bloomberg last week on a possible merger between the two Islamic banks. Abu Dhabi Commercial Bank and Union National Bank also issued separate statements denying they were in merger talks.

ASSET MANAGEMENT

Eskan Bank REIT opens IPO for subscription

BAHRAIN: Eskan Bank's Shariah compliant REIT has opened its IPO for subscription and it will close on the 6th December 2016, with the BHD14.4 million (US$37.89 million) offering representing 72.9% of the trust's total size of BHD19.8 million (US$52.1 million), according to a statement. The fund has a target of 6.5% in net distributable income payable semi-annually, and is reserved for Bahraini and GCC nationals, with a minimum subscription of BHD500 (US$1,315.72).

Bahana and MES offer Shariah fund

INDONESIA: Bahana TCW Investment Management and Masyarakat Ekonomi Syariah (MES) have launched a new fixed-income Shariah fund known as the Bahana MES Syariah Fund, which will be invested largely in sovereign Sukuk instruments, according to a statement. Proceeds will be used to support programs organized by MES including providing scholarships to students intending to pursue higher education.

Sabana signs master leases

SINGAPORE: Sabana Shariah Compliant Industrial REIT has signed three one-year master leases with an aggregate transaction value of approximately SG$10.1 million (US$7.13 million). Sabana said in a statement that the properties involved are: 51 Penjuru Road, 33 & 35 Penjuru Lane and 18 Gul Drive, and the master leases were entered into following an exercise of the option to renew in accordance with the relevant terms.

There remain four successive options to renew for another one-year term each.

RESULTS

Abu Dhabi National Takaful

UAE: For the January-September 2016 period, Abu Dhabi National Takaful Company recorded a net profit of AED45 million (US$12.25 million), up 53% year-on-year while underwriting profit increased 46% to AED35 million (US$9.53 million). The Takaful operator said in a statement that gross Takaful contributions grew 12% to AED278.5 million (US$75.8 million) and total cash and bank balances hit AED266.1 million (US$72.42 million) against AED252.6 million (US$68.75 million) as at the 31st December 2015.

Faysal Bank

PAKISTAN: Faysal Bank (FBL), a subsidiary of Bahrain-based Islamic retail bank Ithmaar Bank, recorded an 11.5% year-on-year growth in post-tax profit for the first nine months of 2016 reaching PKR3.7 billion (US$34.69 million). Ithmaar Bank's CEO and FBL vice-chairman, Ahmed Abdul Rahim, confirmed in a statement that total deposits amounted to PKR315 billion (US$2.95 billion), against PKR292 billion (US$2.74 billion) as at the end of 2015. The Pakistani bank, which opened 43 Islamic branches this year, is expected to open another 32 before the year ends.

CIMB Islamic

MALAYSIA: CIMB Islamic saw a year-on-year expansion by 43.3% to RM542 million (US$124.95 million) in profit before tax in the first nine months of 2016, riding on the improved performance in the consumer segment, according to a statement. The Islamic subsidiary of CIMB Group's gross financing assets grew 9.8% to RM43.7 billion (US$10.07 billion), accounting for 14.4% of total group loans, while total deposits increased by 19.9% to RM51.8 billion (US$11.94 billion).

TAKAFUL

ELTC-GIG launches new product

EGYPT: Egyptian Life Takaful Company-GIG (ELTC-GIG) has launched a new life insurance cover with a savings policy in favor of the employees of Suez Cement Company, according to Amwal Al Ghad. The Takaful firm already provides a life insurance coverage for Suez Cement employees in which total premiums had reached EGP15 million (US$960,775). The new endowment policy is designed to pay a cash lump sum in the form of an end of service gratuity for Suez Cement's employees.

Egypt to increase support for Takaful program

EGYPT: Egypt's Ministry of International Cooperation intends to expand its support for the country's Takaful program as part of its efforts to boost economic growth and GDP rates by working to create new jobs and supporting MSMEs, the Daily News Egypt reported.

The ministry is targeting to increase the number of families under the support programs and social safety net projects to 1.7 million from the current 1.6 million.

RATINGS

Bank Rakyat's ratings reaffirmed

MALAYSIA: RAM in a statement has reaffirmed Bank Kerjasama Rakyat Malaysia (Bank Rakyat)'s 'AA2/Stable/P1' financial institution ratings. Concurrently, the ratings of the Islamic bank's Sukuk, issued through its funding conduits, have also been reaffirmed. The rating agency noted that it was concerned with the recent charges brought against Bank Rakyat's chairman, managing director and several other personnel by the Malaysian Anti-Corruption Commission as management assessment features are a key part of its rating consideration. However, the expected ready support from the government, Bank Rakyat's strong personal financing franchise and robust loss-absorbing capacity underpin the rating reaffirmation at this juncture.

MARC affirms Senari Synergy's IMTN program

MALAYSIA: MARC in a statement has affirmed its 'AAAIS(fg)' rating on the RM380 million (US$87.44 million) Islamic medium-term note (IMTN) program of investment holding company Senari Synergy with a stable outlook. The rating and outlook are based on the unconditional and irrevocable guarantee provided by Danajamin Nasional on the IMTN obligations. Danajamin carries a financial insurer rating of 'AAA/Stable'.

IIRA assigns ratings to Al Baraka Bank Tunis

TUNISIA: The Islamic International Rating Agency (IIRA) has assigned Al Baraka Bank Tunis with a national scale investment grade credit rating of 'BBB+(long term)/A2 (short term)', an international scale (foreign currency) rating of 'BB-/B', as well as an international scale (local currency) rating of 'BB/B', according to a statement. The outlook on the assigned ratings is stable. The bank is a majority-owned subsidiary of Bahrain-based Al Baraka Banking Group (ABG). The rating has acknowledged the strong franchise value and the strong institutional support of ABG and the government of Tunisia.

Stable outlook for Omani banks

OMAN: The outlook on the Omani banking system has been revised to stable from negative by Moody's, according to a statement. The outlook revision reflects the rating agency's expectation that Omani banks' credit profiles will remain broadly stable over the outlook horizon as increased government borrowing and higher hydrocarbon output will support a level of public spending that will help stabilize the softened economy following a prolonged period of decline in oil prices.

Moody's rates MAR's Sukuk program

QATAR: Moody's, according to a statement has assigned provisional '(P) A1' senior unsecured long-term ratings (foreign and local currency) on Masraf Al Rayan (MAR)'s US$1 billion trust certificate program, which will be issued by its Cayman Islands-based SPV, MAR Sukuk.

MARC affirms STSSB's Sukuk program

MALAYSIA: MARC has affirmed the 'MARC-1IS(cg)/AA-IS(cg)' ratings on the RM2 billion (US$461.07 million) seven-year Islamic commercial paper/Islamic medium-term note Sukuk program issued by Sunway Treasury Sukuk (STSSB) with a stable outlook, according to a statement. The affirmed ratings are driven mainly by the Sunway Group's established market position in property development, property investment and construction and its strong liquidity position.

Konsortium ProHAWK's IMTN program reaffirmed

MALAYSIA: RAM has reaffirmed the 'AA2/Stable' rating on Konsortium ProHAWK's Islamic medium-term note (IMTN) program of up to RM900 million (US$207.48 million), according to a statement. The rating agency noted that the reaffirmation reflects ProHAWK's strong debt-servicing ability that is backed by a predictable stream of contractual cash flow.

Boubyan Takaful assigned 'Baa2' rating

KUWAIT: Moody's in a statement has announced that Boubyan Takaful Insurance Company (Boubyan Takaful) has been assigned a 'Baa2' insurance financial strength rating with a stable outlook. The rating reflects Boubyan Takaful's good market position in the Kuwaiti insurance market, its strong diversification and control in distribution, and its recent profitability improvements. The rating agency, however, noted that these strengths are partially offset by the relatively high financial leverage.

Fitch affirms five Bahraini banks

BAHRAIN: Fitch has affirmed the long-term issuer default ratings (IDRs) of the National Bank of Bahrain and BBK at 'BB+', while also affirming the long-term IDRs of Arab Banking Corporation at 'BBB-' , Ahli United Bank at 'BBB+' and Gulf International Bank (GIB) at 'A-', according to a statement. The outlooks on the banks' long-term IDRs are stable, except for GIB which received a negative outlook.

Top ratings for Danajamin

MALAYSIA: Danajamin Nasional, the country's financial guarantee insurer covering Sukuk and bonds, has been assigned counterparty credit ratings of 'AAA/MARC-1' and an insurer financial strength rating of 'AAA' by MARC, with a stable outlook. The rating agency noted in a statement that the ratings reflect Danajamin's status as a government-sponsored and -owned financial guarantee insurer.

GIC's Sukuk Wakalah rating reaffirmed

GLOBAL: The 'AAA/Stable' ratings on Gulf Investment Corporation (GIC)'s RM3.5 billion (US$791.86 million) Sukuk Wakalah Bi Istithmar program (2011/2031) and RM400 million (US$90.5 million) senior unsecured bonds (2008/2023) have been reaffirmed by RAM, together with GIC's 'AAA/Stable/P1' financial institutions ratings, according to a statement.

Saudi Arabia's rating downgraded

SAUDI ARABIA: RAM in a statement announced that it has downgraded Saudi Arabia's global scale rating to 'gAA3(pi)/Stable' from 'gAA2(pi)/Negative' on the back of the Kingdom's steep fiscal and current account deterioration in 2015 and the rating agency's projection of wide twin deficits from 2016-17 compared to similarly rated peers. Credit deterioration was primarily led by a sharp decline in oil prices the previous year and a slower than anticipated price recovery in 2016.

Fitch affirms IPIC's ratings

UAE: Fitch has affirmed Abu Dhabi-based International Petroleum Investment Company (IPIC)'s long-term foreign and local currency issuer default ratings (IDRs) at 'AA' and its short-term foreign currency IDR at 'F1+' with a stable outlook, according to a statement. Fitch noted that the ongoing dispute with 1Malaysia Development (1MDB) over the reimbursement of the US$1.1 billion payment and the US$3.5 billion guarantee, which IPIC has taken to arbitration at the London Court of International Arbitration for resolution, should not have an impact on its creditworthiness.

RAM reaffirms First Resources's Sukuk

MALAYSIA: RAM has reaffirmed the 'AA2/Stable' rating on First Resources (FRL)'s RM2 billion (US$452.59 million) Sukuk Musharakah program, premised on the company's still-strong operating performance despite the challenging environment over the last year, according to a statement. FRL remains among the 10 largest (by planted hectarage) listed oil palm planters globally.

MOVES

Securities Commission Malaysia

MALAYSIA: The Securities Commission Malaysia (SC) has announced in a media release that it has made several appointments within its leadership team: **Zainal Izlan Zainal Abidin** is the managing director of development and Islamic markets; general counsel **Foo Lee Mei** is now the chief regulatory officer overseeing general counsel, corporate governance and the Consumer & Investor Office; **Eugene Wong** is the managing director of corporate finance and investment and will also oversee accounting matters; and **Kamarudin Hashim** is the executive director of intermediary and fund supervision and will oversee consolidated risk analysis. According to a statement, the SC has also appointed **Gumuri Hussain** as the executive chairman of the Audit Oversight Board effective from the 18th November 2016.

GFH Financial Group

BAHRAIN: Bahrain-based GFH Financial Group has appointed **Hammad Younas** as the head of investment management, according to a statement. In this role, Hammad will manage the overall investment business of the Islamic bank, including asset management, private equity and corporate investments. He brings with him more than 18 years of experience in both the Islamic and conventional banking sectors, and was previously CEO of EY (Bahrain) in corporate finance, as well as a partner and transaction advisory services leader (Bahrain).

Bank Nizwa

OMAN: Bank Nizwa's assistant general manager of retail, **Asad Batla**, has decided to resign due to personal reasons, according to a bourse filing. The Islamic bank has appointed **Arif Al Zaabi** as the acting head of retail until further notice.

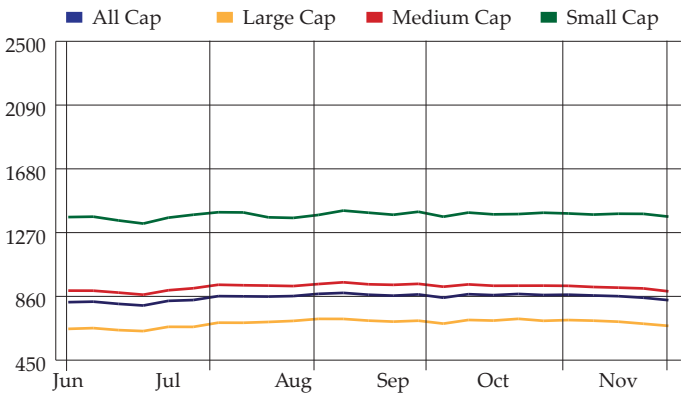
SHUAA Capital

UAE: SHUAA Capital has elected **Jassim Alseddiqi** as its new chairman replacing **Abdul Rahman Hareb Rashed Al Hareb**, the firm said in a statement. Abdul Rahman will continue to serve as a member and director on the board for a transition period.

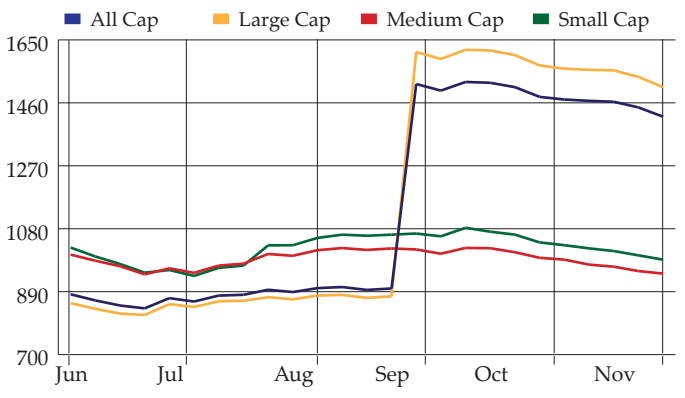
Expected date	Company's name	Size	Structure	Announcement Date
24th November	Sunway Treasury Sukuk	RM100 million	Islamic commercial papers	16th November
TBA	TRIplc Medical	up to RM639 million	Sukuk Murabahah	16th November
November 2016	Islamic Development Bank	upward of US$1 billion	Sukuk	15th November 2016
November 2016	Etihad Airways	up to US$1 billion	Sukuk	15th November 2016
TBA	Sichuan Development Holdings	US$300 million	Sukuk	4th November 2016
TBA	Warba Bank	US$250 million	Sukuk	3rd November 2016
First quarter of 2017	National Real Estate Company	US$500 million	Sukuk	25th October 2016
TBA	Al Faisal Holding	US$200 million	Sukuk	19th October 2016
November 2016	Angkasa Pura I	IDR500 billion	Sukuk	18th October 2016
TBA	Housing Development Finance Corporation of Maldives	TBA	Sukuk	13th October 2016
TBA	APM Automotive Holdings	up to RM1.5 billion	Sukuk Murabahah	11th October 2016
TBA	Shatel	IRR10 trillion	Sukuk Murabahah	10th October 2016
2017	Muhammadiyah	up to IDR1 trillion	Sukuk	28th September 2016
TBA	Aktif Bank	TRY25 million	Sukuk Murabahah	26th August 2016
TBA	Widad Capital	up to RM110 million	Sukuk Murabahah	23rd August 2016
First quarter of 2017	Government of Nigeria	TBA	Sukuk	11th August 2016
Fourth quarter of 2016	Malaysia Debt Ventures	up to RM1 billion	Sukuk	4th August 2016
August-September 2016	DanaInfra Nasional	RM10 billion	Sukuk	19th July 2016
2017	Government of Kuwait	up to KWD5 billion	Sukuk	4th July 2016
TBA	Iranian Mines and Mining Industries Development and Renovation Organization	IRR4 trillion	Sukuk Musharakah	24th June 2016
TBA	Tiga Pilar Sejahtera Food	IDR1.5 trillion	Sukuk	17th June 2016
TBA	Almarai Company	TBA	Sukuk	10th June 2016
By the end of 2017	Ministry of Housing Saudi Arabia	TBA	Sukuk	9th June 2016
TBA	Mahan Air	IRR5 trillion	Sukuk Ijarah	8th June 2016
TBA	The Philippines	TBA	Sukuk	6th June 2016
TBA	GFH Financial Group	US$150 million	Sukuk	2nd June 2016
TBA	Government of Sri Lanka	US$1 billion	Sukuk	27th May 2016
TBA	Saudi Aramco	TBA	Sukuk	26th May 2016
TBA	Al-Tajamaout for Touristic Projects	JOD45 million	Sukuk Ijarah	24th May 2016
TBA	Societe Generale	RM1 billion	Sukuk	23rd May 2016
TBA	Bank Muamalat Malaysia	RM1 billion	Sukuk Murabahah	23rd May 2016
TBA	Bank Rakyat Malaysia	RM5 billion	Sukuk Murabahah	20th May 2016
TBA	Government of Germany	US$1 billion	Sukuk	18th May 2016
By 2017	Republic of Maldives	TBA	Sukuk	29th April 2016
Second half of 2016	Saudia	up to SAR5 billion	Sukuk	26th April 2016
TBA	PRAN Foods	BDT1 billion	Sukuk	11th April 2016
Fourth quarter of 2016	Bank Syariah Mandiri	IDR1 trillion	Sukuk	5th April 2016
2016-17	Sarana Multigriya Finansial	IDR200 billion	Sukuk	4th March 2016
TBA	Ziraat Participation Bank	TRY1.5 billion	Sukuk	1st March 2016
TBA	Hong Kong	TBA	Sukuk	1st March 2016
TBA	Cahya Mata Sarawak	RM1 billion	Sukuk Ijarah	22nd February 2016
TBA	Saudi Electricity Company	US$2.5 billion	Sukuk	16th February 2016
2016	Kuwait Finance House	TBA	Sukuk	1st February 2016

REDMONEY SHARIAH INDEXES

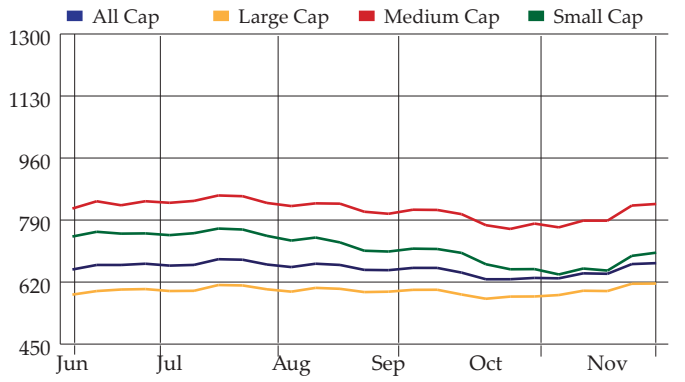
REDmoney Asia ex. Japan *6 Months*



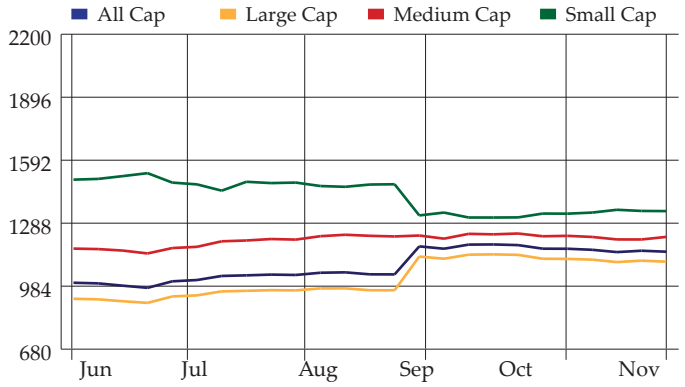
REDmoney Europe *6 Months*



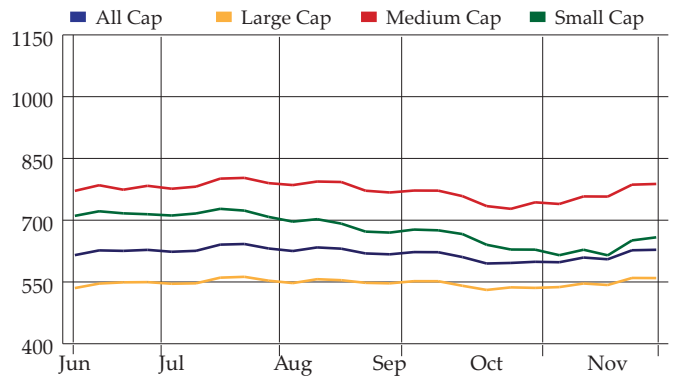
REDmoney GCC *6 Months*



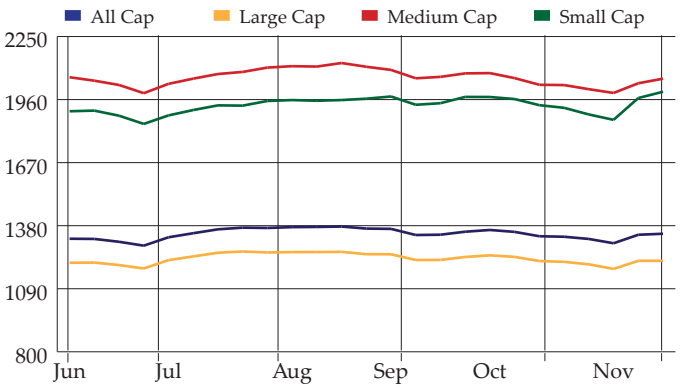
REDmoney Global *6 Months*



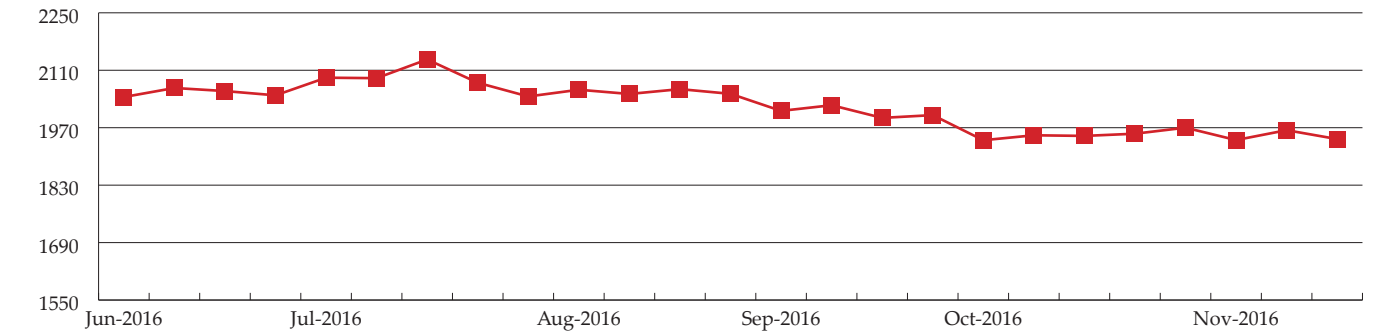
REDmoney MENA *6 Months*



REDmoney US *6 Months*

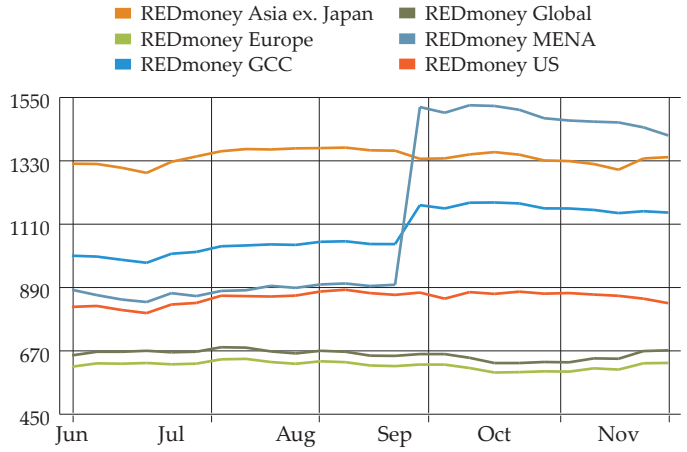


SAMI Halal Food Participation (All Cap) *6 months*

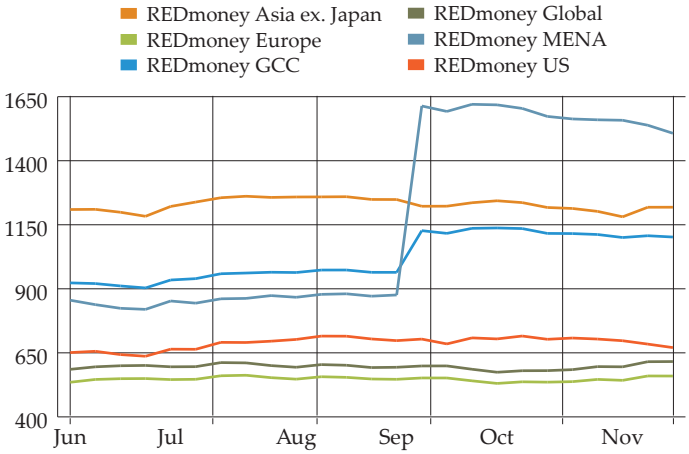


REDMONEY SHARIAH INDEXES

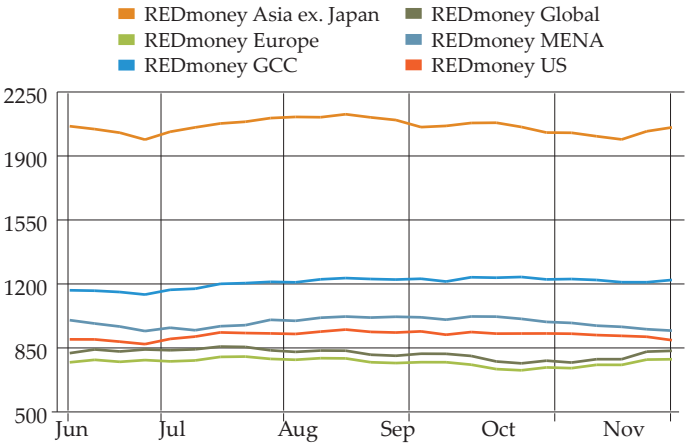
REDmoney Global Shariah Index Series (All Cap) *6 Months*



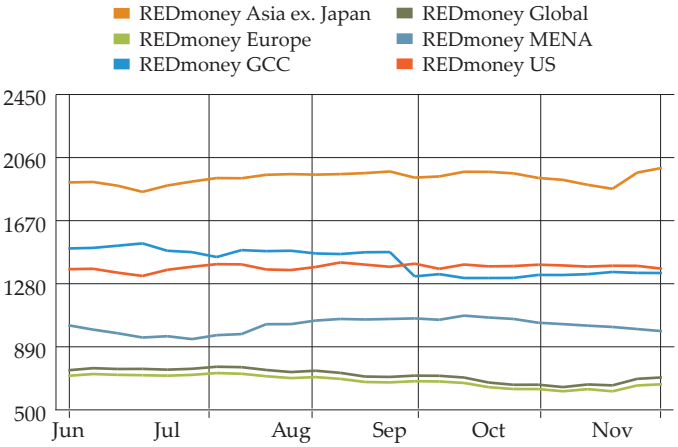
REDmoney Global Shariah Index Series (Large Cap) *6 Months*



REDmoney Global Shariah Index Series (Medium Cap) *6 Months*



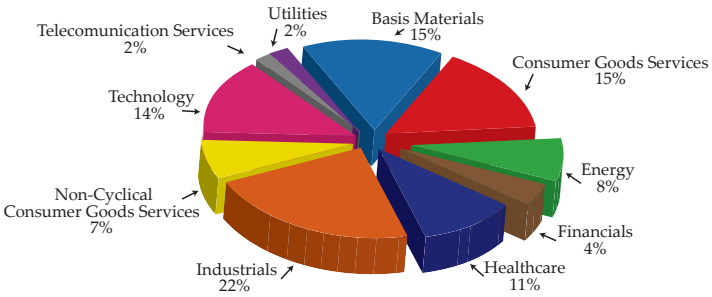
REDmoney Global Shariah Index Series (Small Cap) *6 Months*



REDmoney Global Shariah

Equities are considered eligible for inclusion into the REDmoney Global Shariah Index Series only if they pass a series of market related guidelines related to minimum market capitalization and liquidity as well as country restrictions.

Once the index eligible universe is determined the underlying constituents are screened using a set of business and financial Shariah guidelines.



The REDmoney Global Shariah Index Series powered by IdealRatings consists of a rich subset of global listed equities that adhere to clearly defined and transparent Shariah guidelines defined by Shariyah Review Bureau in Jeddah, Saudi Arabia.

The REDmoney Shariah Indexes provides Islamic investors with an accurate and Shariah-specific equity performance benchmark with optimized compliance credibility due to the intensive research conducted to ensure that index constituents do not conflict with the defined Shariah requirements.

IdealRatings™ is the leading provider of Shariah investment decision support tools to investors globally, including asset managers, brokers, index providers, and banks to empower them to develop, manage and monitor Shariah investment products and Shariah compliant funds. IdealRatings is headquartered in San Francisco, California. For more information about IdealRatings visit: www.idealratings.com

REDmoney Global Shariah Index Series

REDmoney Indexes IdealRatings®

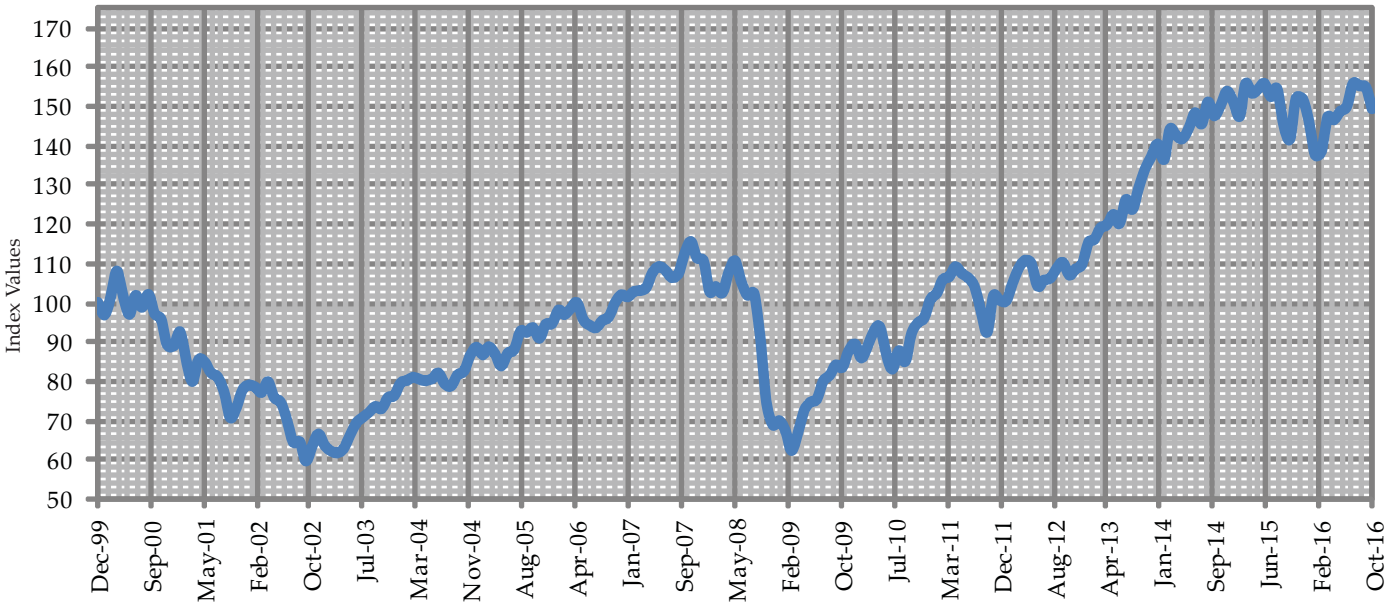
For further information regarding REDmoney Indexes contact:

Andrew Morgan
Managing Director, REDmoney Group

Email: Andrew.Morgan@REDmoneygroup.com
Tel +603 2162 7800

EUREKAHEDGE FUNDS TABLES

Eurekahedge North America Islamic Fund Index



Top 10 Annualized Returns for ALL Funds

	Fund	Fund Manager	Performance Measure	Fund Domicile
1	Atlas Pension Islamic - Equity Sub	Atlas Asset Management	21.07	Pakistan
2	Meezan Tahaffuz Pension - Equity Sub	Al Meezan Investment Management	18.90	Pakistan
3	Atlas Islamic Stock	Atlas Asset Management	15.75	Pakistan
4	JS Islamic	JS Investments	14.25	Pakistan
5	Public Islamic Opportunities	Public Mutual	12.63	Malaysia
6	Public Islamic Select Enterprises	Public Mutual	12.55	Malaysia
7	Danareksa Syariah Berimbang	Danareksa Investment Management	12.04	Indonesia
8	Danareksa Indeks Syariah	Danareksa Investment Management	11.37	Indonesia
9	WSF Global Equity - USD I	Cogent Asset Management	10.34	Guernsey
10	Public Islamic Equity	Public Mutual	9.89	Malaysia
	Eurekahedge Islamic Fund Index		**2.85**	

Based on 66.03% of funds which have reported October 2016 returns as at the 21st November 2016

Top 10 Annualized Standard Deviation for ALL Funds

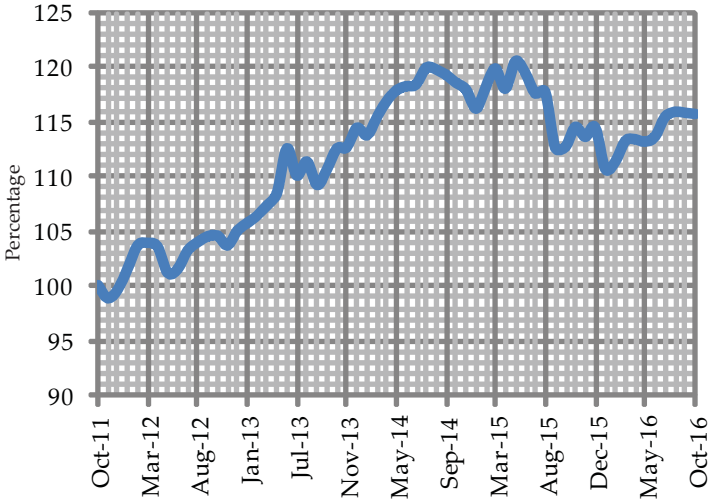
	Fund	Fund Manager	Performance Measure	Fund Domicile
1	Boubyan KWD Money Market	Boubyan Bank	0.06	Cayman Islands
2	Boubyan USD Liquidity	Boubyan Capital Investment	0.06	Kuwait
3	Public Islamic Money Market	Public Mutual	0.14	Malaysia
4	PB Islamic Cash Management	Public Mutual	0.15	Malaysia
5	CIMB Islamic Deposit	UOB Asset Management	0.16	Malaysia
6	CIMB Islamic Money Market	UOB Asset Management	0.17	Malaysia
7	PB Islamic Cash Plus	Public Mutual	0.22	Malaysia
8	Emirates Islamic Money Market Limited Institutional Share Class I USD	Emirates NBD Asset Management	0.24	Jersey
9	Watani USD Money Market	National Bank of Kuwait	0.33	Cayman Islands
10	Al Rajhi Commodity Mudarabah - USD	Al Rajhi Bank	0.47	Saudi Arabia
	Eurekahedge Islamic Fund Index		**8.15**	

Based on 66.03% of funds which have reported October 2016 returns as at the 21st November 2016

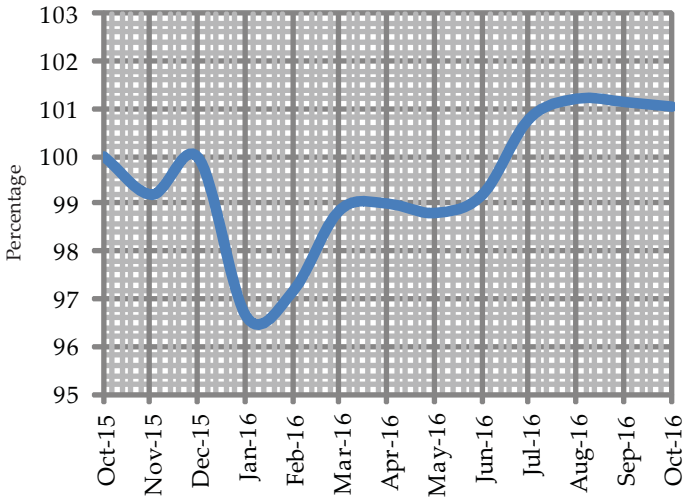
Comprehensive data from Eurekahedge will now feature the overall top 10 global and regional funds based on a specific duration (yield to date, annualized returns, monthly returns), Sharpe ratio as well as delve into specific asset classes in the global arena – equity, fixed income, money market, commodity, global investing (which would focus on funds investing with global mandate instead of a specific country or geographical region), fund of funds, real estate as well as the Sortino ratio. Each table covering the duration, region, asset class and ratio will be featured on a five-week rotational basis.

EUREKAHEDGE FUNDS TABLES

Eurekahedge Islamic Fund Balanced Index over the last 5 years



Eurekahedge Islamic Fund Balanced Index over the last 1 year



Top 10 Islamic Fund Fixed Income by 3 Months Returns

	Fund	Fund Manager	Performance Measure	Fund Domicile
1	MAA Takaful Shariah Income	Zurich Takaful Malaysia	2.54	Malaysia
2	MAA Takaful Shariah Flexi	Zurich Takaful Malaysia	2.43	Malaysia
3	MNC Dana Syariah	MNC Asset Management	2.18	Indonesia
4	Libra AsnitaBond	Libra Invest	1.90	Malaysia
5	PB Islamic Bond	Public Mutual	1.80	Malaysia
6	Public Islamic Bond	Public Mutual	1.69	Malaysia
7	Atlas Pension Islamic - Debt Sub	Atlas Asset Management	1.66	Pakistan
8	Meezan Tahaffuz Pension - Debt Sub	Al Meezan Investment Management	1.52	Pakistan
9	CIMB Islamic Sukuk	CIMB-Principal Asset Management	1.35	Malaysia
10	Meezan Islamic Income	Al Meezan Investment Management	1.22	Pakistan
	Eurekahedge Islamic Fund Index		**0.99**	

Based on 66.67% of funds which have reported October 2016 returns as at 21st November 2016

Top 10 Islamic Equity Funds by 3 Months Returns

	Fund	Fund Manager	Performance Measure	Fund Domicile
1	JS Islamic	JS Investments	7.40	Pakistan
2	PB Islamic Asia Strategic Sector	Public Mutual	5.38	Malaysia
3	BIMB i-Growth	BIMB UNIT Trust Management (BUTM)	5.38	Malaysia
4	Public China Ittikal	Public Mutual	5.25	Malaysia
5	PB Islamic Asia Equity	Public Mutual	4.91	Malaysia
6	Public Asia Ittikal	Public Mutual	4.50	Malaysia
7	Public Islamic Asia Dividend	Public Mutual	3.89	Malaysia
8	AMB Dana Yakin	Amanah Mutual	3.84	Malaysia
9	Public Islamic Select Treasures	Public Mutual	3.68	Malaysia
10	Public Islamic Opportunities	Public Mutual	3.39	Malaysia
	Eurekahedge Islamic Fund Index		**(0.81)**	

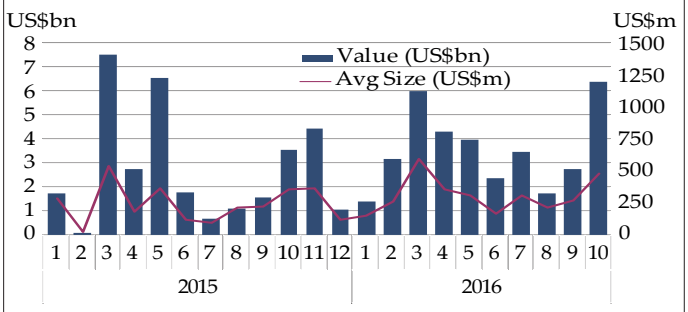
Based on 66.67% of funds which have reported October 2016 returns as at the 21st November 2016

Contact Eurekahedge
To list your fund or update your fund information: islamicfunds@eurekahedge.com
For further details on Eurekahedge: information@eurekahedge.com Tel: +65 6212 0900

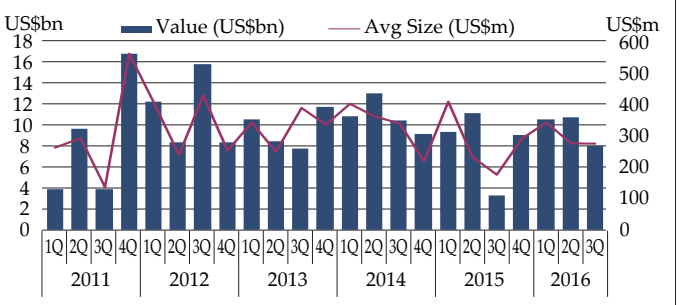
Most Recent Global Sukuk

Priced	Issuer	Nationality	Instrument	Market	US$ (mln)	Managers
31st Oct 2016	Bank Pembangunan Malaysia	Malaysia	Sukuk	Domestic market public issue	357	HSBC, CIMB Group
25th Oct 2016	Kuveyt Turk Katilim Bankasi	Kuwait	Sukuk	Foreign market public issue	500	Standard Chartered Bank, Kuwait Finance House, Arab Banking, Dubai Islamic Bank, Emirates NBD, QInvest, Noor Bank
24th Oct 2016	Celcom Networks	Malaysia	Sukuk	Domestic market public issue	133	HSBC, CIMB Group
20th Oct 2016	Maxis Broadband	Malaysia	Sukuk	Domestic market public issue	120	AmInvestment Bank
18th Oct 2016	Ahli United Bank	Bahrain	Sukuk	Euro market public issue	200	Credit Suisse, Citigroup, Credit Agricole
12th Oct 2016	TNB Global Ventures Capital	Malaysia	Sukuk	Euro market public issue	750	BNP Paribas, HSBC, CIMB Group, Citigroup
12th Oct 2016	Cagamas	Malaysia	Sukuk	Domestic market private placement	139	CIMB Group
12th Oct 2016	DanaInfra Nasional	Malaysia	Sukuk	Domestic market public issue	1,079	HSBC, RHB Capital, Maybank, CIMB Group, AmInvestment Bank
5th Oct 2016	Islamic Republic of Pakistan	Pakistan	Sukuk	Euro market public issue	1,000	Standard Chartered Bank, Deutsche Bank, Dubai Islamic Bank, Citigroup, Noor Bank
4th Oct 2016	Kingdom of Bahrain	Bahrain	Sukuk	Euro market public issue	2,000	Standard Chartered Bank, JPMorgan, BNP Paribas, Arab Banking, Credit Suisse
26th Sep 2016	Edaran SWM Sdn	Malaysia	Sukuk	Domestic market public issue	194	CIMB Group, Hong Leong Financial Group
22nd Sep 2016	UMW Holdings	Malaysia	Sukuk	Domestic market public issue	169	Maybank, CIMB Group
8th Sep 2016	Lembaga Pembiayaan Perumahan Sektor Awam	Malaysia	Sukuk	Domestic market public issue	986	OCBC, RHB Capital, Maybank, Bank Islam Malaysia, CIMB Group, Affin Investment Bank, AmInvestment Bank
7th Sep 2016	Emaar Sukuk	UAE	Sukuk	Euro market public issue	750	Mashreqbank, Standard Chartered Bank, Arab Banking, National Bank of Abu Dhabi, First Gulf Bank, Dubai Islamic Bank, Union National Bank, Emirates NBD, Noor Bank
1st Sep 2016	SIB Sukuk Co III	UAE	Sukuk	Euro market public issue	500	Standard Chartered Bank, HSBC, Kuwait Finance House, Arab Banking, Maybank, Dubai Islamic Bank, Emirates NBD, QNB Capital, Noor Bank
30th Aug 2016	EI Sukuk	UAE	Sukuk	Euro market public issue	250	Standard Chartered Bank, Arab Banking, Dubai Islamic Bank, Emirates NBD
19th Aug 2016	Lebuhraya DUKE Fasa 3	Malaysia	Sukuk	Domestic market public issue	912	RHB Capital, Maybank, CIMB Group, AmInvestment Bank
9th Aug 2016	Qatar Islamic Bank	Qatar	Sukuk	Euro market public issue	368	Standard Chartered Bank
29th Jul 2016	Sarawak Hidro	Malaysia	Sukuk	Domestic market public issue	1,365	RHB Capital, Maybank
29th Jul 2016	Ziya Capital	Malaysia	Sukuk	Domestic market public issue	222	CIMB Group

Global Sukuk Volume by Month



Global Sukuk Volume by Quarter



Top 30 Issuers of Global Sukuk *12 Months*

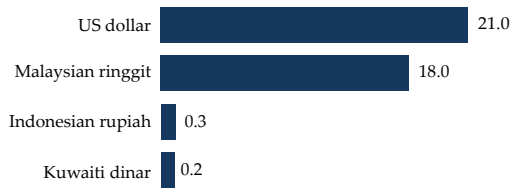
	Issuer	Nationality	Instrument	Market	US$ (mln)	Iss (%)	Managers
1	Perusahaan Penerbit SBSN Indonesia III	Indonesia	Sukuk	Euro market public issue	2,500	6.3	Standard Chartered Bank, Deutsche Bank, Dubai Islamic Bank, CIMB Group, Citigroup
2	DanaInfra Nasional	Malaysia	Sukuk	Domestic market public issue	2,242	5.7	RHB Capital, Maybank, CIMB Group, Hong Leong Financial Group, AmInvestment Bank
3	Jimah East Power	Malaysia	Sukuk	Domestic market public issue	2,100	5.3	HSBC, Maybank, CIMB Group
4	Kingdom of Bahrain	Bahrain	Sukuk	Euro market public issue	2,000	5.1	Standard Chartered Bank, JPMorgan, BNP Paribas, Arab Banking, Credit Suisse
5	IDB Trust Services	Saudi Arabia	Sukuk	Euro market public issue	1,600	4.1	Standard Chartered Bank, JPMorgan, National Bank of Kuwait, Gulf International Bank, Natixis, CIMB Group, Emirates NBD
6	Malaysia Sukuk Global	Malaysia	Sukuk	Euro market public issue	1,500	3.8	JPMorgan, HSBC, Maybank, CIMB Group
7	Sarawak Hidro	Malaysia	Sukuk	Domestic market public issue	1,365	3.5	RHB Capital, Maybank
8	DP World	UAE	Sukuk	Euro market public issue	1,200	3.0	JPMorgan, Deutsche Bank, HSBC, National Bank of Abu Dhabi, First Gulf Bank, Barclays, Dubai Islamic Bank, SG Corporate & Investment Banking, Citigroup, Emirates NBD
9	Prasarana Malaysia	Malaysia	Sukuk	Domestic market public issue	1,192	3.0	RHB Capital, Maybank, Kenanga Investment Bank, CIMB Group, AmInvestment Bank
10	Danga Capital	Malaysia	Sukuk	Domestic market public issue	1,110	2.8	RHB Capital, AmInvestment Bank, Standard Chartered Bank, DBS, CIMB Group
11	EI Sukuk	UAE	Sukuk	Euro market public issue	1,007	2.6	Standard Chartered Bank, HSBC, Arab Banking, Maybank, Dubai Islamic Bank, Emirates NBD, Al Hilal Bank, Noor Bank
12	Islamic Republic of Pakistan	Pakistan	Sukuk	Euro market public issue	1,000	2.5	Standard Chartered Bank, Deutsche Bank, Dubai Islamic Bank, Citigroup, Noor Bank
12	Hazine Mustesarligi Varlik Kiralama Anonim Sirketi	Turkey	Sukuk	Euro market public issue	1,000	2.5	Standard Chartered Bank, HSBC, Emirates NBD
14	Lembaga Pembiayaan Perumahan Sektor Awam	Malaysia	Sukuk	Domestic market public issue	986	2.5	OCBC, RHB Capital, Maybank, Bank Islam Malaysia, CIMB Group, Affin Investment Bank, AmInvestment Bank
15	Lebuhraya DUKE Fasa 3	Malaysia	Sukuk	Domestic market public issue	912	2.3	RHB Capital, Maybank, CIMB Group, AmInvestment Bank
16	National Higher Education Fund	Malaysia	Sukuk	Domestic market public issue	880	2.2	Maybank, CIMB Group, Affin Investment Bank, AmInvestment Bank
17	Kuveyt Turk Katilim Bankasi	Kuwait	Sukuk	Euro market public issue	850	2.2	HSBC, Kuwait Finance House, Dubai Islamic Bank, Abu Dhabi Islamic Bank, Emirates NBD, Kuwait Projects, QInvest, Noor Bank, Standard Chartered Bank, Arab Banking
18	TNB Global Ventures Capital	Malaysia	Sukuk	Euro market public issue	750	1.9	BNP Paribas, HSBC, CIMB Group, Citigroup
18	Emaar Sukuk	UAE	Sukuk	Euro market public issue	750	1.9	Mashreqbank, Standard Chartered Bank, Arab Banking, National Bank of Abu Dhabi, First Gulf Bank, Dubai Islamic Bank, Union National Bank, Emirates NBD, Noor Bank
20	Pengurusan Air SPV	Malaysia	Sukuk	Domestic market public issue	748	1.9	RHB Capital, Maybank, CIMB Group, AmInvestment Bank
21	Jambatan Kedua	Malaysia	Sukuk	Domestic market public issue	644	1.6	RHB Capital, Maybank, Kenanga Investment Bank, AmInvestment Bank
22	Sime Darby	Malaysia	Sukuk	Domestic market public issue	535	1.4	Maybank
23	Sultanate of Oman	Oman	Sukuk	Euro market public issue	500	1.3	Standard Chartered Bank
23	SIB Sukuk Co III	UAE	Sukuk	Euro market public issue	500	1.3	Standard Chartered Bank, HSBC, Kuwait Finance House, Arab Banking, Maybank, Dubai Islamic Bank, Emirates NBD, QNB Capital, Noor Bank
23	Noor Bank	UAE	Sukuk	Euro market public issue	500	1.3	Standard Chartered Bank, First Gulf Bank, Dubai Islamic Bank, Sharjah Islamic Bank, Citigroup, Emirates NBD, Noor Bank
23	Emirate of Sharjah	UAE	Sukuk	Euro market public issue	500	1.3	Bank of Sharjah, HSBC, Barclays, Dubai Islamic Bank, Sharjah Islamic Bank, Commerzbank Group
23	Dubai Islamic Bank	UAE	Sukuk	Euro market public issue	500	1.3	Standard Chartered Bank, HSBC, Arab Banking, National Bank of Abu Dhabi, Dubai Islamic Bank, Sharjah Islamic Bank, Emirates NBD
23	Axiata SPV2	Malaysia	Sukuk	Euro market public issue	500	1.3	Deutsche Bank, HSBC, CIMB Group
29	Hilal Services	Saudi Arabia	Sukuk	Euro market private placement	500	1.3	Mizuho, Standard Chartered Bank, HSBC, Arab Banking, National Bank of Kuwait, First Gulf Bank, Dubai Islamic Bank, SG Corporate & Investment Banking, CIMB Group, Emirates NBD, Warba Bank, Noor Bank
30	Ezdan Holding Group	Qatar	Sukuk	Euro market public issue	497	1.3	Mashreqbank, HSBC, Abu Dhabi Islamic Bank, Emirates NBD, Barwa Bank
	Total				**39,497**	**100**	

DEALOGIC LEAGUE TABLES

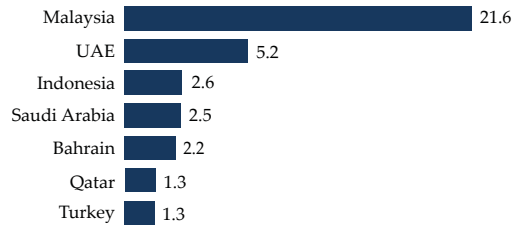
Top Managers of Sukuk *12 Months*

	Manager	US$ (mln)	Iss	%
1	CIMB Group	6,140	41	15.5
2	Maybank	5,298	35	13.4
3	Standard Chartered Bank	4,007	22	10.2
4	RHB Capital	3,495	35	8.9
5	HSBC	2,909	19	7.4
6	AmInvestment Bank	2,525	22	6.4
7	Dubai Islamic Bank	1,544	15	3.9
8	Emirates NBD	1,491	15	3.8
9	JPMorgan	1,209	5	3.1
10	Citigroup	1,146	6	2.9
11	Deutsche Bank	987	4	2.5
12	National Bank of Abu Dhabi	875	6	2.2
13	Arab Banking Corporation	854	8	2.2
14	Noor Bank	670	9	1.7
15	BNP Paribas	588	2	1.5
16	Credit Suisse	467	2	1.2
17	Kenanga Investment Bank	453	6	1.2
18	Hong Leong Financial Group	367	4	0.9
19	Affin Investment Bank	365	3	0.9
20	National Bank of Kuwait	311	3	0.8
21	First Gulf Bank	300	4	0.8
22	DBS	255	4	0.7
23	Sharjah Islamic Bank	226	3	0.6
24	OCBC	224	6	0.6
25	Natixis	214	1	0.5
25	Gulf International Bank	214	1	0.5
27	Kuwait Finance House	206	4	0.5
28	Barclays	203	2	0.5
29	Mashreqbank	183	2	0.5
30	QInvest	151	3	0.4
	Total	**39,497**	**132**	**100**

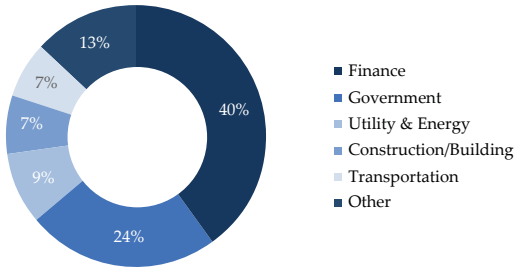
Sukuk Volume by Currency US$ (billion) *12 Months*



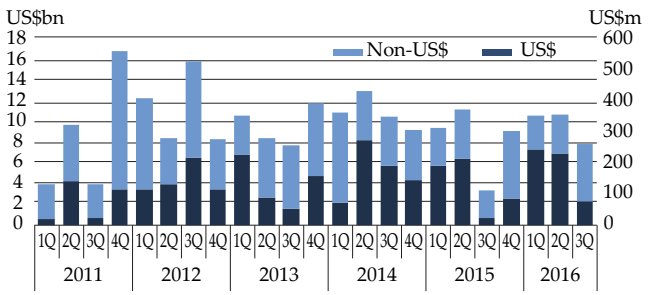
Sukuk Volume by Issuer Nation US$ (billion) *12 Months*



Global Sukuk Volume by Sector *12 Months*



Global Sukuk Volume - US$ Analysis



Top Islamic Finance Related Project Finance Mandated Lead Arrangers *12 Months*

	Mandated Lead Arranger	US$ (million)	No	%
1	China Development Bank	821	2	9.0
2	Al Rajhi Capital	663	2	7.2
3	Banque Saudi Fransi	579	4	6.3
4	Alinma Bank	550	2	6.0
5	HSBC	497	3	5.4
5	Samba Capital & Investment Management	497	3	5.4
7	National Commercial Bank	491	3	5.4
8	Mitsubishi UFJ Financial Group	377	3	4.1
9	Aga Khan Fund for Economic Development	354	2	3.9
10	Standard Chartered Bank	329	3	3.6

Top Islamic Finance Related Project Financing Legal Advisors Ranking *12 Months*

	Legal Advisor	US$ (million)	No	%
1	Allen & Overy	3,197	3	23.6
2	Latham & Watkins	2,282	2	16.9
3	Baker & McKenzie	1,365	1	10.1
4	Adnan Sundra & Low	1,361	1	10.0
4	Zaid Ibrahim & Co	1,361	1	10.0
6	Norton Rose Fulbright	915	1	6.8
7	Clifford Chance	758	1	5.6
7	White & Case	758	1	5.6
9	Anjarwalla Collins & Haidermota	172	2	1.3
9	Haidermota & Co	172	2	1.3
9	Lincolns Law Chamber	172	2	1.3
9	Linklaters	172	2	1.3
9	Mohsin Tayebaly & Co	172	2	1.3

DEALOGIC LEAGUE TABLES

Top Islamic Finance Related Financing Mandated Lead Arrangers Ranking *12 Months*

	Mandated Lead Arranger	US$ (mln)	No	%
1	Samba Capital	969	5	6.2
2	Banque Saudi Fransi	939	4	6.0
3	Saudi National Commercial Bank	933	4	6.0
4	Abu Dhabi Islamic Bank	912	7	5.9
5	Dubai Islamic Bank	684	9	4.4
6	China Development Bank	621	1	4.0
7	Emirates NBD	615	7	4.0
8	Abu Dhabi Commercial Bank	568	6	3.7
9	SABB	559	5	3.6
10	Noor Bank	545	8	3.5
11	Mashreqbank	489	5	3.2
12	Al Rajhi Capital	366	2	2.4
13	HSBC	345	5	2.2
14	Maybank	338	1	2.2
14	CIMB Group	338	1	2.2
16	Standard Chartered Bank	327	5	2.1
17	Union National Bank	308	3	2.0
18	Al Hilal Bank	307	3	2.0
19	AKFED	292	2	1.9
20	National Bank of Abu Dhabi	286	4	1.8
21	Alinma Bank	260	2	1.7
22	Riyad Bank	258	2	1.7
23	Arab Banking Corporation	251	4	1.6
24	Credit Agricole	249	3	1.6
25	Bank Albilad	229	1	1.5
26	Gulf International Bank	193	3	1.2
27	Sharjah Islamic Bank	179	3	1.2
28	Natixis	175	3	1.1
29	BBK	174	3	1.1
30	EBRD	170	1	1.1

Top Islamic Finance Related Financing Mandated Lead Arrangers *12 Months*

	Bookrunner	US$ (mln)	No	%
1	Abu Dhabi Islamic Bank	1,626	7	18.2
2	Mashreqbank	1,050	3	11.8
3	Abu Dhabi Commercial Bank	610	2	6.8
4	Dubai Islamic Bank	488	4	5.5
5	Emirates NBD	474	3	5.3
6	Noor Bank	421	4	4.7
7	Maybank	338	1	3.8
7	CIMB Group	338	1	3.8
9	Arab Banking Corporation	275	4	3.1
10	Saudi National Commercial Bank	267	1	3.0

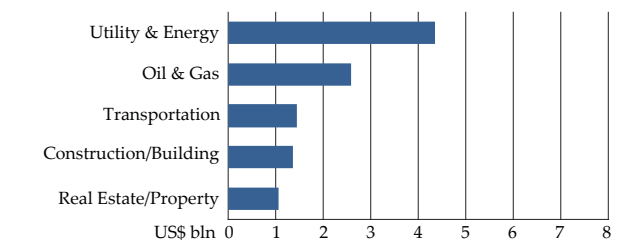
Top Islamic Finance Related Financing Deal List *12 Months*

Credit Date	Borrower	Nationality	US$ (mln)
15th Apr 2016	Yanbu Aramco Sinopec Refining	Saudi Arabia	4,700
27th Jun 2016	Rabigh Electricity	Saudi Arabia	2,686
8th Sep 2016	Aluminium Bahrain	Bahrain	1,500
19th Sep 2016	Saudi Electricity	Saudi Arabia	1,333
9th Mar 2016	Dhuruma Electricity	Saudi Arabia	1,138
15th Jun 2016	PNB Jersey	Malaysia	889
21st Dec 2015	Engro Powergen	Pakistan	851
29th Aug 2016	Atlantis The Palm	UAE	850
11th Dec 2015	Cititower	Malaysia	751
29th Nov 2015	Gulf Marine Services	UAE	620

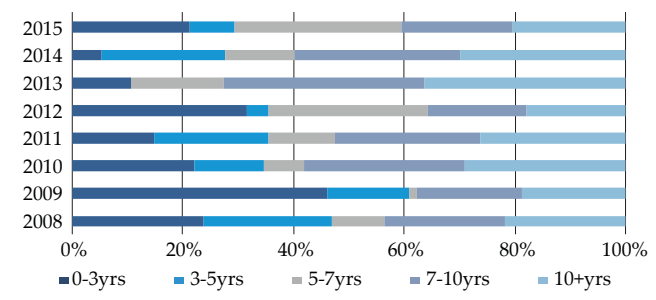
Top Islamic Finance Related Financing by Country *12 Months*

	Nationality	US$ (mln)	No	%
1	Saudi Arabia	5,406	6	34.8
2	UAE	4,313	16	27.7
3	Pakistan	1,548	3	10.0
4	Bahrain	1,188	2	7.6
5	Malaysia	959	2	6.2
6	Jordan	550	2	3.5
7	Egypt	475	3	3.1
8	Qatar	460	1	3.0
9	India	368	1	2.4
10	Turkey	204	2	1.3

Top Islamic Finance Related Financing by Sector *12 Months*



Global Islamic Financing - Years to Maturity (YTD Comparison)



Are your deals listed here?
If you feel that the information within these tables is inaccurate, you may contact the following directly: Mayumi Ohira (Media Relations)
Email: mayumi.ohira@dealogic.com Tel: +852 2804 1223

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REDMONEY EVENTS

NOVEMBER 2016		
28th	IFN Saudi Arabia Forum	Jeddah, Saudi Arabia
FEBRUARY 2017		
22nd	KL Awards Dinner	Kuala Lumpur, Malaysia
27th	Iran Dialogue	Tehran, Iran
28th	Dubai Awards Dinner	Dubai, the UAE
MARCH 2017		
7th	IFN Oman Forum	Muscat, Oman
9th	IFN Jordan Dialogue	Amman, Jordan
14th	CIS Forum	Astana, Kazakhstan
22nd	China OIC Forum	Beijing, China
28th	IFN Morocco Forum	Casablanca, Morocco
APRIL 2017		
10th – 11th	IFN Asia Forum	Kuala Lumpur, Malaysia
12th	IFN FinTech Forum	Kuala Lumpur, Malaysia
MAY 2017		
16th	IFN UK Forum	London, the UK
JULY 2017		
27th	IFN Indonesia Forum	Jakarta, Indonesia
SEPTEMBER 2017		
14th	IFN Turkey Forum	Istanbul, Turkey
18th	IFN Europe Dialogue	Luxembourg
19th	IFN Investor Forum	Luxembourg
OCTOBER 2017		
TBC	Africa Islamic Finance Forum	TBC
16th	Sovereign Sukuk Dialogue	Washington DC, the US
18th	IFN US Forum	New York, the US
TBC	IFN Pakistan Forum	Lahore, Pakistan
NOVEMBER 2017		
19th	IFN Kuwait Forum	Kuwait City, Kuwait

Islamic Finance *news*

Group Managing Editor Lauren McAughtry lauren.mcaughtry@REDmoneygroup.com

Editor Vineeta Tan vineeta.tan@REDmoneygroup.com

Senior Contributions Editor Sasikala Thiagaraja sasikala.thiagaraja@REDmoneygroup.com

Senior Copy Editor Kenny Ng kenny.ng@REDmoneygroup.com

Senior Journalist Danial Idraki danial.idraki@redmoneygroup.com

Journalist Nurul Ashikin Abd Halim nurul.ashikin@REDmoneygroup.com

Head of Production Hasnani Aspari hasnani.aspari@REDmoneygroup.com

Senior Production Manager Norzabidi Abdullah zabidi.abdullah@REDmoneygroup.com

Senior Graphic Designer Eumir Shazwan Kamal Bahrin eumir.shazwan@REDmoneygroup.com

Senior Production Designer Mohamad Rozman Besiri rozman.besiri@REDmoneygroup.com

Associate Publisher Steve Stubbs steve.stubbs@REDmoneygroup.com

Associate Publisher Sandra Spencer sandra.spencer@REDmoneygroup.com

Finance Director Faizah Hassan faizah.hassan@REDmoneygroup.com

Deputy Publisher & Director Geraldine Chan *(Dubai office)* geraldine.chan@REDmoneygroup.com

Managing Director Andrew Tebbutt andrew.tebbutt@REDmoneygroup.com

Managing Director & Publisher Andrew Morgan andrew.morgan@REDmoneygroup.com

Published By: REDmoney

MALAYSIA
Suite 22-06, 22nd Floor
Menara Tan & Tan
207, Jalan Tun Razak
50400 Kuala Lumpur, Malaysia
Tel: +603 2162 7800
Fax: +603 2162 7810

UAE
PO Box 126732, 16th Floor,
X2 Tower, Jumeirah Lake
Tower (JLT), Jumeirah Bay,
Dubai, UAE
Tel: +971 4 427 36 23
Fax: +971 4 431 4614

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